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# **Measuring Stability and Security in Iraq**

**December 2009  
Report to Congress  
In accordance with the  
Department of Defense Supplemental Appropriations Act 2008  
(Section 9204, Public Law 110-252)**

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## Executive Summary

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*This report to Congress, Measuring Stability and Security in Iraq, is submitted pursuant to Section 9204 of the Supplemental Appropriations Act for 2008, Public Law 110-252 and Section 316 of the Supplemental Appropriations Act for 2009, Public Law 111-32.<sup>1</sup> This report is also submitted pursuant to Section 1508(c) of the Department of Defense Authorization Act for 2009, Public Law 110-417. The report includes specific performance indicators and measures of progress toward political, economic, and security stability in Iraq, as directed by legislation. This is the eighteenth report in this series of quarterly reports. The most recent report was submitted in November 2009. The report complements other reports and information about Iraq provided to Congress and is not intended as a single source of all information about the combined efforts or the future strategy of the United States, its former Coalition partners, or Iraq.*

*As a consequence of the movement of U.S. combat forces out of Iraqi cities on June 30, 2009, the United States has reduced visibility and ability to verify Iraqi reports. Without a robust U.S. presence, MNF-I metrics include host nation reports that are not independently verifiable. The overall trends between Coalition force data and host nation data are very close, but some values may differ. Current charts show a combination of Coalition and Host-Nation reported data. The combination of these reports causes baseline numbers to increase, making it difficult to compare these charts with those from previous publications of this report. Each slide is annotated to indicate the types of reports included.*

The United States seeks a sovereign, stable, and self-reliant Iraq with a just, representative, and accountable government; a state that is neither a safe haven for, nor sponsor of, terrorism; an Iraq that is integrated into the global economy and is a long-term U.S. partner contributing to regional peace and security. Although stability is improving, it is not yet enduring. Looking ahead, the United States will continue to use a “whole of government” approach to help build Iraq’s governing organizations as legitimate, representative, and effective institutions serving all Iraqi citizens.

The U.S.-Iraq Strategic Framework Agreement (SFA) lays out a solid foundation for a long-term bilateral relationship and guides United States and Iraqi actions based on mutual interests. With the SFA serving as a roadmap for the long-term and enduring strategic partnership, the U.S. strategy integrates the efforts of the American Embassy in Baghdad, Multi-National Force-Iraq (MNF-I), and other U.S. and international partners across five lines of operation: political, diplomatic, economic,

rule of law, and security. This report describes progress along these lines from September through the end of November 2009 and addresses the remaining challenges.<sup>2</sup> Working with Iraqi partners, and using available resources through the end of 2011, U.S. forces will increasingly transition efforts from combat to stability operations. U.S. forces will also continue SFA implementation by transitioning enduring functions primarily to the GoI, with some activities shifting to the American Embassy, and other U.S. departments and agencies and international entities.

Integral to the U.S.-Iraq Security Agreement (SA) and consistent with Presidential guidance articulated on February 27, 2009, U.S. forces continue to plan and execute the responsible drawdown of U.S. military forces from Iraq. By August 31, 2010, U.S. forces will have transitioned from a combat and counterinsurgency (COIN) mission to a focus on stability tasks centered on training, advising, and assisting the ISF, protecting U.S. military and civilian personnel and facilities, assisting and

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conducting targeted counter-terrorism operations, and supporting civilian agencies and international organizations in their capacity-building efforts. Further drawdown activity will occur in accordance with the SA requirement to redeploy all U.S. forces by December 31, 2011. The pace of the drawdown will be commensurate with Iraq's improving security while providing U.S. commanders sufficient flexibility to assist the Iraqis with emerging challenges. As U.S. forces are responsibly redeployed, the United States will continue to pursue other aspects of the strategy, including sustained political engagement and regional diplomacy to support a peaceful and prosperous Iraq.

On the political front, in November 2009, the Council of Representatives (CoR) passed a National Elections Law that Sunni Vice President Hashemi vetoed on November 18, 2009. Negotiations resumed, and the CoR passed a compromise bill on December 6, 2009, which set an election date of March 7, 2010. This election will allow the Iraqi people to elect the next CoR. Of note, inclusion of the SA referendum in the ballot appears unlikely since U.S. forces are viewed by most Iraqis as being in compliance with the SA. The Independent High Electoral Commission (IHEC) has begun preparations for the 2010 national elections, accrediting nearly 300 political entities participating in the parliamentary elections. Political parties in Iraq are gathering strength by engaging in coalition building, conducting voter outreach, and participating in candidate training academies. Additionally, IHEC officials conducted a nationwide update of the voter registry from August 22 – September 30, 2009. During this time, more than 1.5 million Iraqis visited registration centers with 574,175 Iraqis changing their personal information and voting location. Approximately 95% of eligible Iraqi voters are already registered. The IHEC, with support from the United Nations Assistance Mission in Iraq (UNAMI), the Embassy, State Department-funded programs, and MNF-I, expects to be able to prepare for and administer

elections on March 7, 2010.<sup>3</sup> The overarching U.S. aim is to help the Iraqis ensure that the election results are credible and accepted by the Iraqi people, paving the way for a peaceful transfer of power in 2010.

Along the rule of law line of operation, Iraq has made significant progress over the last several years, but there remains much work to do. Marked advancements have been made in the area of detention operations, but inefficiencies, intimidation, and perceived corruption in the judiciary still prevent optimal processing of cases. These problems are being addressed, in part, by the Higher Judicial Council's (HJC) renewed focus on the recruitment and retention of high caliber judges and increased efforts on improving judicial security.

The lack of progress in resolving contentious territorial issues in the northern disputed areas continues to be a major source of tension between Arabs and Kurds. Despite UNAMI engagement between Government of Iraq (GoI) and Kurdistan Regional Government (KRG) representatives, issues such as the Kurdish boycott of the Ninewa Provincial Council demonstrate the delicate nature of tense political relations between powerful internal actors. In August, September, and October 2009, at the request of Prime Minister (PM) Maliki, MNF-I sponsored meetings in both Baghdad and Irbil between senior GoI and KRG security ministers in order to develop an interim joint security architecture in the disputed internal boundaries (DIBs). The purpose of such an initiative is to disrupt insurgent and terrorist activities in the seam between the Iraqi Security Forces (ISF) and Kurdish Security Forces (KSF) in the disputed areas, and as a confidence-building measure to ease tensions between the two forces. A sub-committee formed of senior-level U.S., ISF, and KSF commanders was tasked to develop security structures, including command and control and intelligence sharing mechanisms. The most recent ministerial summit was held in mid-October 2009, and the plan was agreed upon by all sides. In November 2009, PM

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Maliki and KRG President Barzani gave their final approval, and the Minister of Defense and Minister of Peshmerga Affairs agreed to immediately issue orders to establish combined coordination centers and joint check points. With U.S. forces in an advisory and supervisory role, this architecture remains in compliance with the SA.

Diplomatically, Iraq's capacity to pursue its national interests with other nations and in international fora is limited but steadily developing. The ability of the Ministry of Foreign Affairs to conduct diplomacy was reduced as a result of the August 2009 bombing of its headquarters. Strengthened relations with other states in the region, including resolution of divisive issues with Kuwait, the exchange of resident ambassadors with Saudi Arabia, and engagement in key multilateral fora could lead to improved security within Iraq and increased stability in the region. Tensions between Syria and Iraq remain at an elevated level over the August 19, 2009, bombings, and issues regarding security and foreign fighters still remain contentious.

Destabilizing Iranian influence continues to pose a significant challenge to Iraq's long-term stability and political independence. Iran continues to fund, train, equip, and give some direction to residual Shi'a militias and extremist elements in Iraq. The GoI, through reciprocal visits with Iran at the Head-of-State and Foreign Minister levels, has sent strong warnings to Iran about its continued support to Shi'a militants, while still encouraging improved bilateral relations, economic cooperation, and cultural and religious exchanges. Additionally, senior GoI leaders, including the PM and the Minister of Foreign Affairs, are developing a comprehensive policy on Iran that encourages constructive, peaceful relations that benefit both countries.

Economically, Iraq's strained fiscal situation and slowly recovering oil revenues also pose significant risks to Iraq's ongoing economic development. The tightening fiscal environ-

ment forced Iraq to pass a 2009 budget that set spending 25% below its original proposal and sacrificed numerous initiatives. As of the end of July 2009, the GoI had executed approximately 34% of its total federal budget. As the 2009 budget supplemental is not likely to be considered by the CoR, the Council of Ministers (CoM) included approximately \$4 billion from the proposed 2009 supplemental in their proposed 2010 budget, which received its second reading by the CoR on November 2, 2009. This proposed budget contains \$71.3 billion in expenditures and \$53 billion in revenues, based on an average oil price of \$62.50 per barrel and exporting 2.1 million barrels of oil per day.

Although the Ministry of Oil's (MoO) first round of bids on June 30, 2009, resulted in only one contract that has been approved by the CoM, it was a necessary first step to encourage foreign investment, and some significant additional oil contracts from the first round were awarded by the GoI in November 2009. The GoI introduced new contracting procedures and held a second round of bids in December 2009 to attract international investors to assist in Iraq's oil production. Progress continued on the new southern oil export infrastructure, but delays are likely. Political sensitivities continue to hinder a revenue-sharing agreement for the provinces regarding oil production.

Budgetary pressures increasingly highlight Iraq's need to diversify its economy and promote non-oil investment ventures. The GoI is making slow progress toward creating a more investment-friendly legislative and regulatory infrastructure. However, limited institutional capacity of the National Investment Commission (NIC) hampers its ability to promote and facilitate foreign investment in Iraq. Iraq's World Trade Organization (WTO) accession plan is slowly moving forward, with several pieces of WTO-compatible legislation nearly ready to be submitted to the CoR, although internal disputes have delayed key customs and tariff legislation. In October 2009, the CoR approved an amendment to the National

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Investment Law addressing some questions regarding foreign land ownership and use. Additionally, the GoI demonstrated its desire to attract foreign direct investment through the significant high-level GoI participation at the investment conference held in London on April 30 – May 1, 2009, and in the U.S.-Iraq Business and Investment Conference held in Washington, D.C. on October 20-21, 2009. This conference successfully provided the first forum for the U.S. private sector to engage with the GoI and the Iraqi private sector and raised awareness of emerging investment opportunities in Iraq.

As of October 2009, the official GoI published unemployment rate ranges between 15-17% with underemployment affecting approximately 30% of the labor force. The rate of inflation has been low for more than a year, stabilizing after the downward trend of the past several years. Based on reduced inflation, the Central Bank of Iraq (CBI) has eased its previously tighter monetary policy stance by maintaining a managed peg exchange rate and reducing its policy rate. The GoI, as well as provincial governments and investment commissions, have reached, or continue to work on, agreements to promote trade and investment with more than 15 countries and international organizations, including the UN, the Organization of the Islamic Conference, Australia, France, Germany, Italy, Iran, Japan, South Korea, Sweden, Qatar, and the UK.

Nationwide, despite noticeable regional differences, there have been improvements in the delivery of essential services. Average daily electrical generation from September through November 2009 was approximately 145,850 megawatt-hours (MWH), a 30% increase over the same period last year. Electrical demand still exceeds supply; however, lower fall temperatures typically drive a decrease in overall demand as the year ends, narrowing the gap between electricity supply and demand. The GoI has expanded the number of residents receiving access to trash and sewer services by 5 million. The GoI has also increased the

number of citizens who have regular access to potable water, serving as many as 8 million more than in 2003. Availability of potable water has been complicated by the sharp drop in reservoir levels, broken distribution systems, and management problems, all of which mean that the water available will be of poor quality and high salinity. Additionally, continuing water shortages are adversely affecting Iraqi agricultural output. Talks with Iran, Syria and Turkey about increasing river water flow have yielded mixed results. With regard to medical services, the re-opening of Ibn Sina hospital in Baghdad significantly expanded health care options for local citizens and received significant positive publicity. Providing essential services to the Iraqi populace remains a key component of national unity and a key factor in building popular support for the GoI.

A continuing lack of control over Iraq's permeable borders and the resultant flow of lethal aid continue to hamper the fight against militias and extremists. Although explosively formed penetrator (EFP) incidents decreased in July 2009, they rose during this reporting period, though still below May and June 2009 levels. High-profile attacks (HPAs) also remained at just under one per day during this period. Although there have been no incidents of violence between Arab and Kurd forces, the multitude of issues surrounding KRG-GoI relations, including DIBs, the status of Kirkuk, the lack of an Article 140 resolution, and the lack of additional KSF integration into the Iraqi Army continue to exacerbate Arab-Kurd relations.

The GoI and the ISF continue to apply pressure against insurgent and extremist groups to disrupt their activities, but gains in the security environment remain reversible and are not yet enduring, as demonstrated by the August 19, October 25, and December 8, 2009 HPAs targeting government ministries. ISF and U.S. operations targeting funding, leadership, facilitation, and recruitment continue to impede the freedom of movement and re-supply capabilities of Al-Qaeda in Iraq (AQI) and



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other insurgent and militia groups. Although reduced in number, extremist organizations including AQI, Sunni nationalists, and Shi'a militias continue sporadic attacks in an attempt to undermine the ISF and reduce public confidence in the GoI institutions. AQI remains the most active and violent group in Iraq and initiates the vast majority of HPAs in areas such as Anbar Province, Mosul, Kirkuk, Diyala, and Baghdad. Continued pressure on AQI fighters and their facilitation networks has been productive in reducing AQI attacks and increasing public support against AQI. According to polls taken in late 2009, only a small minority of Iraqis support this organization. Other violent extremist organizations, both Shi'a and Sunni, continue to challenge the ISF as well. Past diplomatic engagement with Syria and interdiction of foreign facilitation networks appear to have effectively disrupted some of these groups, although the focus of some insurgent activity may be shifting toward more traditional criminal acts.

Progress has been made in integrating the Sons of Iraq (SoI). The GoI continues to make SoI payments and transitions to ISF and non-security employment positions, but the complexities of paying transitioned SoI dispersed among 19 ministries has led to SoI pay delays throughout the country. A two-month catch-up payment was made in October 2009, and the GoI is streamlining the process. The primary GoI transition goal is to place all 45,000 Baghdad SoI into government positions, both security and non-security, by the end of 2009; however, the GoI will likely require some SoI to man checkpoints through the election period to provide security. Transition for SoI in most other provinces is slated for the first half of 2010, though some provinces, including Diyala and Anbar, could begin sooner. Under the PM's Order, 80% of SoI placements will be in civilian ministries and 20% with the ISF. The GoI has transitioned 21,752 SoI into GoI ministry positions in Baghdad through mid-November 2009, raising the total of SoI transitions nationwide to 25,833 within civilian ministries and private

enterprise.<sup>4</sup> Another 13,342 have been placed with the ISF. Arrests of SoI leaders sometimes occur, and those cases are being handled through legal processes.

The ISF are steadily maturing as their capability to provide security and stability for the Iraqi people improves. After the August 19, October 25, and December 8, 2009 HPAs, the GoI responded promptly. The GoI and ISF reassessed security measures, made adjustments, increased operations, and aggressively enhanced security in the cities, enabled by U.S. forces when needed. As part of the GoI ongoing self-assessment and adjustment, increasingly capable Federal Police (FP) are accepting more responsibility for internal security, allowing the Iraqi military to focus more on a national defense role. Despite all-too-frequent instances of public official corruption, Iraqi citizens increasingly view their nation's military and police forces with pride. U.S. forces continue to conduct operations by, with, and through the GoI in full compliance with Iraqi legal requirements and the SA. When U.S. forces conduct joint operations, their Iraqi Army and Iraqi Police counterparts obtain warrants and detention orders as the lead with U.S. forces in support. The ISF still rely on assistance from U.S. forces in developing evidence for the issuance of judicial orders, but ISF are leading the interaction with judicial authorities.

Ministry of Interior (MoI) and Ministry of Defense (MoD) capacity and operational force capabilities are increasing, but challenges remain. The MoI and MoD continue to show progress in their functions. The ISF continue to actively cultivate community assistance and develop an environment of trust by performing humanitarian support, engaging in outreach, and conducting public information activities. Operations centers allow MoI and MoD forces to share information, which in turn, has resulted in the apprehension of suspects and the discovery and destruction of weapons caches. However, budget constraints caused by lower oil prices earlier this year limit the manning and equipping of forces across the GoI. The

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MoI has improved training capacity but still suffers from generally poor facilities in addition to significant budget shortfalls. The MoD faces logistical and sustainment challenges, budget constraints, and a shortage of mid-grade officers and NCO leadership. Additionally, despite improved professionalism, corruption and favoritism continue, albeit to a lesser degree, within promotion systems.

In summary, political, diplomatic, economic, and security trends in Iraq remain generally positive, but significant challenges remain. In accordance with the SA, the ISF have assumed urban security responsibilities for Iraq and continue to improve operational and tactical capabilities, while relying on U.S. combat support enablers. U.S. forces continue to conduct all military operations by, with, and through the ISF, operating within the Iraqi rule of law, and they remain an important element of success. The ongoing implementation of the SFA this reporting period sets the stage for

long-term cooperative efforts as Iraq develops into a secure, stable, and sovereign partner in the region. Continued reductions in overall violence have provided Iraqis an environment where political and economic development can occur, and the tentative resumption of foreign investment in some sectors is an indicator of this progress.

In spite of the continued progress, gains are unevenly distributed throughout the country and are marred by sporadic HPAs. Additional progress is required to produce sustainable stability. Iraq remains fragile, primarily because many underlying political sources of instability have yet to be resolved. To ensure long-term stability, the GoI must continue to build its legitimacy through the provision of basic services and improved security for the Iraqi people, as well as the continued resolution of lingering political, ethnic, and sectarian disputes.

## Section 1—Stability and Security

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### 1.1 Political Stability

Political progress in Iraq continued this reporting period as the inaugural Council of Representatives (CoR) will soon complete its four-year legislative term having achieved a significant number of accomplishments. The most recent sessions were highlighted by the passage of the National Election Law for the 2010 national elections; however, Vice President Hashimi vetoed the law on November 18, 2009. The CoR accepted the veto and submitted an amended law to the Presidency Council on November 23, 2009, which was also unsatisfactory. Negotiations resumed, and the CoR passed a compromise bill on December 6, 2009, setting the election date for March 7, 2010, and the Independent High Electoral Commission (IHEC) has indicated that it can prepare for and administer elections on March 7, 2010. The law features a hybrid-open list and allows out-of-country voters to vote in their home governorate—fulfilling Vice President Hashimi's key demand.

Given the heightened election season politics, the CoR was unable to pass some other important legislation, including the package of hydrocarbon laws. However, overall, the CoR has shown steady progress over the past several years. As an institution, it has learned from its past mistakes of overt sectarianism and it is maturing into an important oversight body that balances executive branch power. The new CoR will need to maintain this oversight role while continuing to become more adept at passing key legislation and becoming more responsive to the increasing needs of the Iraqi people. However, at times, the CoR's pursuit of legislative oversight through the questioning of Executive Branch officials and others has heightened political tensions between different groups, both ethnic and political. The GoI has made some progress toward political accommodation, but challenges exist that threaten these achievements. Among the important recent successes in reducing sectarian divisions

was the relatively strong Sunni voter turnout in the January 2009 provincial elections and progress in integrating members of the Sons of Iraq (SoI) into the Iraqi Security Forces (ISF) and civilian ministries.

Despite this progress, Iraq's key ethnic and sectarian groups have not yet achieved a consensus on core issues, including the contentious matters of division of oil wealth and the resolution of disputed territory. Tensions between the Kurdistan Regional Government (KRG) leadership and the central government demonstrate that progress on these core issues is critical to achieving a stable and unified Iraq in both the short and long term. Moreover, Sunni leaders continue to complain about the treatment and timely judicial processing of security detainees, and continued integration of Sunnis into Iraqi institutions is essential to consolidating the country's stability.

Public confidence in Iraq's democratic institutions has been limited by the government's inability to consistently deliver basic services to the Iraqi people, and by perceptions that senior leaders have pursued sectarian and partisan agendas. Provincial councils elected in January 2009 are developing greater governing capabilities and a few have successfully moved to dismiss incompetent officials. However, some, most notably in Ninewa, are gridlocked due to ethno-sectarian grievances or political infighting.

### National Unity

Efforts toward national unity continue, with increased commitment to the political process by all political actors. The transfer of responsibility for the SoI program to the Government of Iraq (GoI) was completed in April 2009. The GoI's stated goal remains to integrate 20% of the SoI into the ISF and transition the remaining 80% into civil service or private-sector employment. The GoI and United States

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are jointly implementing a number of employment and training programs to support this goal. The Implementation and Follow-up Committee on National Reconciliation (IFCNR) produced a distribution plan for the Baghdad based SoI that aims to transition more than 40,000 SoI into 18 non-security ministries and municipal government offices.

Although the GoI continues to publicly and privately reiterate its commitment to integrating SoI into security and non-security government employment, negative perceptions regarding the GoI's commitment persist as a result of occasional arrests of SoI leaders and periodic late salary payments. Technical difficulties in transferring the funding streams for SoI payments to the Ministry of Interior (MoI) that caused payment delays in early 2009 have been resolved, and the GoI paid two months of salaries in October to catch up and normalize the schedule.

In Ninewa, Iraq's most volatile province, the Sunni Arab al-Hadba Party won a majority of provincial council seats by running on an anti-Kurd platform, worsening Arab-Kurd relations. The al-Hadba chosen governor has refused to let the Kurds, who won the second largest number of seats, name either the Deputy Governor or provincial council chairperson. This action resulted in the Kurds boycotting the provincial council. Some national Arab parties may consider drawing on Hadba's anti-Kurd approach in trying to attract votes for the 2010 national elections.

Relations between ethnic and sectarian groups have been the central theme of the current election season. In an increasingly positive trend, almost all political entities have focused on their national credentials and have tried to appeal to voters across the different sects and ethnic groups of Iraq. While much of this focus has been limited to rhetoric, the campaign strategy adopted by most political blocs reflects a seemingly growing trend of Iraqis focusing on issue-based rather than sectarian politics. Shi'a political parties are divided

between the Iraqi National Alliance, co-led by the Islamic Supreme Council of Iraq and Muqtada al-Sadr's Sadrist Trend, and the State of Law coalition, headed by Maliki's Dawa Party. Trying to build upon the 2009 provincial elections where Prime Minister (PM) Maliki's State of Law coalition won a plurality of seats in all the Shi'a-majority provinces, PM Maliki's coalition has expanded its cross-sectarian outreach efforts to Sunni-dominated and ethnically diverse areas. Rather than coalescing around a single party or platform, Sunni parties, many splintered from the once-dominant Sunni Iraqi Islamic Party, have joined national unity coalitions with religious Shi'a and secular leaders. The largest secular coalitions are the Iraqi National Movement, which includes Vice President Hashimi and the Shi'a former PM Allawi; and the Iraqi Unity Party, which includes Sunni Awakening leader Abu-Risha and the Shi'a Minister of Interior Bulani.

Nevertheless, Sunni-Shi'a tensions still persist over perceived Sunni marginalization, including transitioning the SoI program, reintegrating former detainees and regime elements, and assisting in the return and reintegration of Iraqi refugees and internally displaced persons. Unresolved Arab-Kurd disputes over territory, resources, and the status of security forces in the contested areas pose an ever greater threat to enduring stability. Currently, however, political tensions have not rekindled the retributive violence that characterized ethno-sectarian fighting in past years. Positively, throughout this election season, national political leaders have continued to state their commitment to resolving disputes through the political and legal systems.

### **Political Commitments**

In the waning weeks of its legislative term, the CoR passed a National Election Law but still needs to pass a budget for 2010. Although the CoR continued its critical role of overseeing the executive branch and passing the National Election Law, progress toward resolving the current slate of contentious issues through the legislative process and negotiated compromise

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has remained slow as political parties rallied their constituencies in the run-up to national elections. The challenge of passing hydrocarbons laws, constitutional amendments, and other investment and national security laws will fall upon the new CoR.

#### *Accountability and Justice Law*

Despite the January 2008 passage of the Accountability and Justice Law, the GoI has yet to take steps to implement the law's mandates. The Council of Ministers (CoM) and the CoR remain at an impasse on the nomination of individuals to serve on the Investigative Commission created by the new law. Meanwhile the former De-Ba'athification Commission remains in place with its authority suspended. Despite widespread agreement that the law requires amendments for effective and balanced implementation, neither the CoM nor the CoR has made any visible effort to introduce the necessary legislation. Absent legal attention to this issue, some Sunni groups continue to accuse the Shi'a dominated government of denying positions to those who are eligible, but not politically acceptable. These accusations have fueled general perceptions of sectarianism and discrimination conducted by the largely Shi'a-led central government. The full implementation of the Accountability and Justice Law will be another task that falls on the new government.

#### *Provincial Powers Law*

The "Law of Governorates not Organized into a Region" (more commonly known as the Provincial Powers Law (PPL)) was approved by the CoR in February 2008 and took effect with the seating of the new provincial councils following the January 2009 provincial elections. The PPL transfers additional authority from the central government to the provincial councils and governors, including power to approve provincial budgets, nominate and dismiss senior provincial officials, direct non-federal security forces, and remove corrupt officials. Implementation so far has been spotty and highly subject to the interpretation of the law by provincial governments and the

Prime Minister. Provincial governments with close ties to the PM are being allowed to exercise those powers delegated in the law, while others with governments in disagreement with the central government are having more difficulty in exercising their designated functions.

#### *Kurdistan Regional Government Elections*

KRG elections, held July 25, 2009, ran smoothly and demonstrated further progress in implementation of the democratic process. Elections for the Kurdish Parliament employed a closed list system where voters selected political parties rather than individual candidates to represent them. The IHEC established more than 1,000 polling centers during the special needs voting day and general election day, observing that voter turnout was 78.5%. Massoud Barzani was reelected as the KRG President and former GoI Deputy Prime Minister Barham Salih of the Patriotic Union of Kurdistan (PUK) was approved as the KRG Prime Minister following the elections. The Kurdistan Democratic Party (KDP) and PUK ran on a unified list, obtaining 59 of 111 Parliament seats, but the Change List earned 25 seats in the KRG Parliament, thus giving the ruling KDP and PUK coalition its first viable opposition. The elections were deemed credible and legitimate by most observers, including members of the U.S. Embassy who were part of the international monitoring effort.

After just over three months of deliberation, the KRG transition was complete on October 28, 2009. The most significant change to the new government was the reduction of ministries within the cabinet from 40 minister-level positions to 19. This reduction was accomplished by merging several duplicated ministries. A significant merge was consolidating the separate KDP and PUK Ministries of Peshmerga Affairs into a single ministry to coordinate activities more effectively between the military units that have traditionally had loyalties to their party instead of the region.



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### *2010 Iraqi Electoral Events*

The national elections will be a pivotal event for the GoI and the Iraqi people. These elections will allow the Iraqi people to elect the next term of the CoR. IHEC planning and preparation for the parliamentary elections continues along with party, candidate, and coalition preparations, and the IHEC has indicated that it can prepare for and administer elections on March 7, 2010. Domestic observer networks are in place and ramping up their activity. Special needs voting is scheduled to occur three days prior to the general election and will be available for members of the ISF, select detainees, hospital workers, and various GoI officials who will be on duty on election day. Once the polls close, the 72-hour formal complaint period will begin. This period will allow IHEC to accept electoral complaints from individual voters, political entities, and various other groups who participated in the election. Due to the nature of manual ballot counting procedures, preliminary results will be announced approximately four days after the 2010 elections following the return of all 18 provinces' general election tally sheets to the IHEC data entry center. Additionally, IHEC plans to announce the provisional results two to three weeks following election day. These provisional results will include decisions from the complaint period as well as a tally of the special needs votes. Following the decisions on any appeals of the complaint decisions, the final certified results are expected approximately 45 days after elections are held. Following certification of the results, the transition to seat the new government will commence.

### *District and Sub-district Elections*

The Provincial Elections Law, passed in 2008, called for provincial, district, and sub-district elections to be held six months following the provincial council elections. However, the district and sub-district elections did not materialize due to various political challenges. Without clearly defined districts and sub-districts and a current census, these elections do not seem likely until late 2010.

### *The Independent High Electoral Commission*

The IHEC continues to grow and mature with each successive election held in Iraq. IHEC is the successor to the Independent Election Commission of Iraq, formed in 2005 by the Coalition Provisional Authority. IHEC is charged to be an independent and neutral commission overseeing the administration of Iraqi elections. They are organized with an eight member voting Board of Commissioners and a non-voting Chief Electoral Officer. The current Board makeup includes three Shi'a members, two Sunni members, two Kurdish members, and one Turkoman member. Of the eight commissioners, two are women. Similar to the provincial elections, the upcoming national elections will be Iraqi led and funded with the technical assistance of the United Nations Assistance Mission in Iraq (UNAMI) and various NGOs. The IHEC Board of Commissioners recently appointed Commissioner Hamdiyah Al-Husseini as the new Chief Electoral Officer. The move was considered a positive change for the overall management capability of the IHEC Board.

### *Constitutional Review*

The constitutional review process currently remains stalled and will be another task that awaits the new government. Despite some renewed effort by the Constitutional Review Committee last summer, the CoR has not presented the recommendations for an initial reading and has no plans to do so. The latest report of the committee provided 60 recommended changes to the Constitution; however, it largely neglected the contentious issues.

### *Disputed Internal Boundaries*

Disputed internal boundaries (DIBs) remain one of Iraq's more challenging issues. Although PM Maliki has constitutional authority to move forces as he sees fit, ordering additional Iraqi Army (IA) deployments into disputed areas or repositioning forces without prior consultation with Kurdish authorities risks Arab-Kurd clashes that would pose a major threat to Iraqi stability.

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Political solutions on DIBs are still forthcoming. Public rhetoric from both GoI and KRG leaders remains occasionally heated, although both sides have committed to the UNAMI-brokered High Level Task Force (HLTF) to discuss DIBs issues. The HLTF stemmed from UNAMI's DIBs reports released in May 2009 and is comprised of representatives from both the KRG and GoI to review each report and to develop and implement confidence building measures. The United States strongly supports the UNAMI process and is considering a parallel track for looking at the disputed province of Kirkuk.

### *The Four Hydrocarbon Laws*

Despite the new CoR Speaker's stated commitment to prioritize passage of a hydrocarbons legislation package, the four stalled laws have not been re-introduced to the CoR. Fundamental differences remain over federal and regional authorities in contracting and management of the oil and gas sector. These differences, combined with heightened election-season politics, negatively impacted forward progress on any of these laws. There is a high probability that no legislative action will be taken before the new government is seated in mid-2010. In the absence of new hydrocarbons legislation, both the KRG and the GoI have separately pursued development contracts with international oil companies. The GoI continues to maintain that contracts signed by the KRG are illegal, while KRG leadership makes the same argument about GoI signed contracts for disputed territories such as Kirkuk.

### **Government Reform**

#### *Ministerial Capacity Development*

The GoI continues to develop its capacity to govern at the national, provincial, and local levels. The Embassy supports Iraqi ministerial development through technical assistance to several ministries and executive offices with senior advisors and attachés. Through its *Tatweer* National Capacity Development Program, the U.S. Agency for International Development (USAID) assists with public administration and management capacity

building, including a wide range of systems reform within and across ministries. The program is playing a crucial role with the drafting and enacting of the Civil Service Commission Law and the new planned Civil Service Law. The project is currently working with nine key ministries to reform their internal systems related to project management, contract and procurement management, strategic planning, leadership and communications. The project works to institute best practices across the wide spectrum of civil servants. With the Community Action Program and the Local Governance Program, the *Tatweer* program is expanding its governance support outreach at the national, provincial, and municipal levels. Although ministries and local governments remain weak, adoption of international best practices has achieved dramatic improvements. Additionally, GoI ownership has been accomplished for many of the program components necessary for the achievement of well-functioning public institutions. To date, the *Tatweer* project has completed 4,047 courses and provided 84,796 enrollees the opportunity for training and skills enrichment in a variety of areas for ministry staff members at the central and provincial levels. These training numbers represent 63,038 individual civil servants, since some persons enroll in more than one course.

#### *Provincial Reconstruction Teams*

The central mission of the provincial reconstruction team (PRT) program is to assist in the development of provincial and local government that is self-sufficient, responsive, transparent, accountable, and capable of representing the needs of its citizens; promote the development of an engaged local population; assist in the mitigation of ethnic and sectarian tensions; enhance the quality of justice and engender respect for the rule of law; and promote economic development at the sub-national level. Currently, there is one PRT located in each provincial capital, except in northern Iraq, where the regional reconstruction team (RRT) in Irbil works with the three provinces of the KRG. In addition to 15 U.S.-led PRTs, there is one Italian-led PRT in Dhi

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Qar. Additionally, there are six embedded PRTs (ePRTs) that work alongside brigade combat teams (BCTs) and focus on local capacity building. Five PRTs host UN staff members as part of an agreement between the American Embassy and UNAMI.

### *Anti-Corruption Efforts*

Corruption remains a major challenge to Iraq's reconstruction and development, although the GoI is making some progress in its long-term effort to develop an effective anti-corruption regime. The GoI is preparing a new national strategy to improve compliance with the UN Convention Against Corruption (UNCAC), which it ratified in 2008. The United States is providing assistance to the GoI on the UNCAC through development programs. Iraq's three major anti-corruption institutions, the Commission on Integrity (COI), The Inspectors General (IGs), and the Board of Supreme Audit (BSA) will play major roles in the compliance effort, as will the Joint Anti-Corruption Council (JACC), a coordinating mechanism chaired by the Secretary General of the Iraqi Council of Ministers. The CoR is also playing a greater oversight role, through its Committee on Integrity and public queries by individual CoR members. The *Tatweer* project has been able to train more than 2,000 IGs through its anti-corruption component. The project is also introducing auditing courses for all IGs throughout the BSA. As a transparency tool, work is underway on a new web page for all IGs that will enable improved communication linkages among the various IG offices.

PM Maliki and other senior officials have shown increasing awareness of the need to tackle the country's corruption problem. The KRG recently issued a white paper outlining elements of a new strategy for good governance, in part to address corruption, and the new Change List in the KRG made anti-corruption a core element of its campaign in the July 2009 elections.

Draft anti-corruption and related legislation to upgrade the status of anti-corruption

institutions and to provide a comprehensive anti-corruption measure—and other related legislation (e.g. to improve the investment legislation and to upgrade anti-money laundering regime)—is pending with the CoR. These new laws would complement Iraq's anti-corruption efforts, but are not likely to pass until after national elections in 2010. The government launched an anti-bribery campaign and expanded public outreach efforts to educate the public on social and economic costs of the corruption. In fall 2009, the COI began publishing names of government officials who obtained public sector jobs based on forged university degrees, prompting extensive media coverage of a widespread problem. The COI opened more than 500 corruption cases in the first nine months of 2009, resulting in an estimated 150 convictions. From 2003 through 2008, corruption cases against major figures were often derailed by political pressures. In 2009, however, the COI pursued a case against the then Minister of Trade who resigned in the face of allegations of corruption and is now awaiting trial. COI is also pursuing a case against a deputy minister of transportation, accused of bribery.

### *Rule of Law and Criminal Justice System Reforms*

Although there has been significant progress made over the last several years and months in the area of Rule of Law, there is still much work to do to ensure that Iraq is more peaceful, more stable, and has a more representative form of government than when U.S. efforts began. For example, marked advancements have been made in the area of detention operations, but inefficiencies in the judiciary still delay processing. These problems are being addressed, in part, by the High Judicial Council's (HJC) renewed focus on the recruitment and retention of high-caliber judges.

Progress is noteworthy in the disposition of legacy security detainees and the conduct of bilateral operations with respect for Iraqi law; however, Iraq's criminal justice system still



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faces many challenges. Judicial security is progressing slowly with the lack of resources and continuing threats of violence negatively affecting the ability to implement a comprehensive countrywide strategic judicial security plan. Judicial intimidation in Iraq significantly hinders administration of the criminal justice system, which impedes the rule of law, leads to a backlog of pre-trial cases—three years in some districts—and precipitates unfair criminal justice procedures in many other parts of the country. Despite recent developments by the MoI to take responsibility for judicial security and to make plans to adequately staff judicial personal security details (PSDs), delays in implementing this plan hamper the actual improvement of judicial security.

Iraqi detention conditions and judicial efficiency have reached a plateau in many parts of Iraq. Key challenges include a significant backlog of cases, an insufficient number of investigative judges, and the GoI's inadequate commitment to conduct detention facility assessments. Despite the overcrowded facilities, U.S. Government agencies have made progress in coordination and training. Multi-National Security Transition Command-Iraq (MNSTC-I) advisors continue to work with the human rights teams for the MoI and the MoD to build assessment capacity. Improving detention capacity continues to be a challenge. As of October 29, 2009, the Ministry of Justice (MoJ) had a population of 9,706 pre-trial detainees (daily count verified by on-site U.S. corrections advisors). The MoI, MoD, and Ministry of Labor and Social Affairs (MoLSA) combined are estimated to hold in excess of an additional 9,000 pre-trial detainees (these facilities are not staffed with U.S. correctional advisors, and population estimates are based on limited oversight and access for facility assessments). In all cases, the overwhelming majority of these pre-trial detainees are awaiting investigation necessary to adjudicate their cases. Increasing the number of trained investigators and investigative judges would reduce the pre-trial detainee population, but this will take time.

In September 2009, 66 new judges graduated from the entry-level judicial education program administered by the Iraqi Judicial Training Institute (JTI). These newly graduated judges are evidence of the Iraqi judiciary's advancement as an institution in the six years following the re-establishment of the Higher Judicial Council (HJC) as a body independent of the executive branch of government. The addition of these new judges to the ranks of the judiciary raises the total number of judges in Iraq to 1,277, an increase of approximately 700 judges in the last six years. The Chief Justice expressed particular pride about the number of female HJC judges increasing from 7 to 68 during this time span.

In addition, the HJC's investigator and administrative staffs have nearly doubled since 2003. The Chief Justice further explained that the 66 new judges will be assigned to courts around the country to work under senior judges for one year before being re-distributed to other courts to develop further experience. Over time, the new judges will become more involved in existing cases until they have enough experience to develop their own cases.

## **International Issues**

### *International Engagement*

Senior Iraqi officials continue to focus on expanding their international engagement, while at the same time expressing wariness of undue outside influence in Iraq. PM Maliki accepted the credentials of the new Egyptian ambassador to Iraq on November 8, 2009, filling a void in diplomatic representation which existed since July 2005. President Talabani addressed the United Nations General Assembly (UNGA) on September 24, 2009, where he discussed Iraqi politics, the economy, and Iraq's external relations. Addressing the August 19, 2009 bombings at the Ministries of Foreign Affairs and Finance, President Talabani called on the United Nations Security Council to form an independent international investigation commission to determine the responsible parties and ultimately bring them to justice.

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Iraqi officials have also focused heavily on international economic engagement, in part by pursuing a number of international investment conferences to push support for multi-national company involvement in developing Iraq's economy. The GoI held an Ambassadorial-level meeting on the International Compact with Iraq (ICI) in Baghdad on November 7, 2009. The meeting provided the donor nations the opportunity to present a coordinated message regarding the ICI during their interaction with the GoI and UNAMI. The donors reiterated that the time has come to transition away from the ICI to a new assistance coordination mechanism that enjoys full GoI backing and support and is in line with the Paris Declaration Principles on Aid Effectiveness. The donors agreed that the outcome of the National Development Plan (NDP) conference/workshop provides the new guiding strategy for assistance coordination as the transition is made away from the ICI. Central among the decisions to be made, is how to incorporate Iraq's NDP more effectively into the transition arrangements.

### *Iranian Influence*

Iran continues to attempt to exert influence in Iraq, although many senior Iraqi officials are privately pushing back on Iranian pressure and appear intent on limiting Iran's direct manipulation of Iraqi politics. Leveraging its strategic alliance with Syria and its strong economic and religious ties to the Iraqi Shi'a population, Iran has intervened to moderate disputes between Iraq and Syria. In the weeks preceding the 2010 national elections, and the government formation period that follows, Iran will likely continue to attempt to use its economic, financial, and religious influence to shape Iraqi political alliances toward its own interests.

### *Syrian Influence*

The bombings of August 19, 2009 and Iraq's subsequent public declaration of Syrian complicity have complicated relations between Syria and Iraq and led to both nations recalling their ambassadors. Despite Iraq's appeal to the

United Nations for an independent investigation into the bombings, Iraq continues to engage along other avenues to resolve contentious Syrian-Iraqi relations. Turkey hosted three meetings between Iraq, Syria, and an Arab League delegation to discuss resolution of political differences between Iraq and Syria. Reduced public rhetoric and fewer negative media stories have helped reduce tensions, and it appears that the GoI's stance toward Syria has softened since the October 25, 2009, bombings.

### *Kuwaiti Relations*

Kuwait and Iraq continue to discuss Iraqi debt payments pursuant to United Nations Security Council Resolution 687, but the issue remains unresolved. However, following the September 2009 meeting of the UNGA, Kuwait announced that it would consider re-investing any Iraqi debt payments in the Iraqi economy, as suggested by the UN Secretary General. Kuwait and Iraq have made progress on the important and sensitive issue of finding and returning the remains of Kuwaitis missing since the First Gulf War, but other issues remain to be resolved in regard to the recognition and practical administration of land and maritime borders, and finding and returning Kuwait's National Archives.

### *Relations with Saudi Arabia*

This reporting period has seen little improvement in Iraq-Saudi Arabia bilateral relations. Although Iraq has named and presented an ambassador to Saudi Arabia, Saudi Arabia still has not reciprocated by naming an ambassador to Iraq. Several obstacles are responsible for stalled relations between the two countries, and it is unlikely there will be change in the near future. Most prominent in the disagreements are the assessments about the regional threat that Iran poses and PM Maliki's suspicions of Saudi Arabia funding political parties ahead of the 2010 elections.

### *Relations with Turkey*

Relations between Turkey and Iraq are positive, though some contentious issues remain

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between the two nations. Iraq has appealed to Turkey to increase the flow of water to Iraq along the Tigris and Euphrates Rivers. Turkey routinely maintains that the amount of water that reaches Iraq from Turkey exceeds amounts Turkey is obligated to provide, but Turkish Prime Minister Erdogan in October agreed to consider increasing the flow. On October 15, 2009, during a Prime Ministerial meeting in Baghdad, Turkey and Iraq signed 48 memoranda of understanding covering areas of cooperation, which included trade, interior affairs, and counter-terrorism. Later in October 2009, the Turkish Foreign Minister officially inaugurated the Turkish consulates general in Mosul and Basrah.

Also at the forefront of Turkish-Iraqi issues are the improved relations between Turkey and the KRG. Recently, KRG leadership denounced the anti-Turkish terrorist group Kongra Gel's (KGK) violence and encouraged them to disarm. Turkey has increased its diplomatic outreach to the KRG, exemplified by the Turkish Foreign Minister's late October 2009 visit to Irbil. Ankara and Irbil have also emphasized their shared economic interests in trade, tying the two closer together.

### *Internally Displaced Persons and Refugees*

The small scale return of internally displaced persons (IDPs) and refugees continues. Security gains have been an important factor enabling IDPs and an increasing number of refugee families to return. As of its latest update in September 2009, the United Nations High Commissioner for Refugees (UNHCR) estimates that more than 375,000 Iraqi IDPs and refugees have returned to Iraq since the beginning of 2008. Of this total, an estimated 85% are IDPs. Approximately 56% of the total number of returnees, since the beginning of 2008, returned to Baghdad. There are approximately one million Iraqis that remain displaced in Iraq from the Saddam era as a result of his policies. The total number of Iraqis internally displaced since 2006, when sectarian violence escalated, currently stands at about 1.5 million.

However, new displacement in Baghdad and elsewhere in Iraq has slowed considerably.

The population of Iraqi refugees in neighboring countries is relatively stable. There are 295,000 Iraqis refugees registered with UNHCR and likely a significant number of unregistered refugees. It is difficult to determine the exact number of refugees because they are dispersed in urban areas. Shelter remains a high priority for Iraq's IDPs, particularly the estimated 40% who rented their homes and have nowhere to return. The International Organization for Migration estimates that 22% of Iraqi IDPs live in collective settlements, public buildings or other makeshift housing. However, the number of IDPs living in tented camps remains extremely small, making an accurate overall census difficult to produce. Voluntary registration is the only method of tracking this fragmented population.

The GoI has taken only modest steps to support the return of displaced Iraqis, though recent efforts—in line with the government's increased emphasis on national unity—have been positive. The GoI recently named a senior advisor in PM Maliki's office as a coordinator on refugee and IDP issues in an effort to harness government resources. Recent PM orders have also increased financial obligations, ordered government bodies to work together on returns efforts, and given physical access to their properties. Still, implementation of the orders has lagged and the Ministry of Displacement and Migration lacks resources and capacity. Beyond this, budget shortfalls, high unemployment, low private sector growth, severe housing shortage, poor government services, and a contested – though improving – security picture also hinder progress. Attempts to engage Iraqi refugees, as well as Syria and Jordan, on the return of a largely Sunni refugee population, meanwhile, remain a low priority, limiting returns of those Iraqis outside the country.

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## Conclusion

Iraq continued to make measured political progress this reporting period. The CoR passed a National Elections Law on December 6, 2009, and elections are set for March 7, 2010. The focus and legislative priorities of the new CoR Speaker and the GoI's commitment to advance critical Sunni reconciliation programs such as SoI transition contributed significantly to national unity efforts. Consideration of a hydrocarbon legislation package continues to be stalled; however, the growing assertiveness of the CoR is a positive development. The successful elections in the KRG and the IHEC's voter registration update for the 2010 national elections point to a maturing political process. However, despite efforts to increase

coordination between the GoI and KRG, tensions remain elevated. Additionally, detention conditions and judicial efficiency challenges continue in the rule of law area and have attracted increased attention at the highest levels of the GoI. Diplomatically, Iraq continues to focus on re-engaging bilaterally with its neighbors and expanding economic ties. The recent swearing in of 57 new Iraqi ambassadors will increase the diplomatic corps capacity; however, many challenges to enduring stability remain. Continued legislative oversight by the CoR has the potential to enhance Iraq's efforts to deter corruption, improve services, and increase public confidence in the GoI.

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## 1.2 Economic Activity

Although providing essential services continues to improve incrementally, sustained drought, lower oil prices, and reduced oil output in the first half of 2009 have led to a tightening fiscal environment and dampened the prospects for economic growth. Despite economic difficulties, International Monetary Fund (IMF) estimates—released in October 2009—project that Iraq’s real gross domestic product (GDP) growth rate will be 4.3% in 2009. The Ministry of Oil’s (MoO) bid round on June 30, 2009, resulted in one contract—for Iraq’s largest oil field—out of eight possible. It was successful in that the Minister of Oil balanced the GoI need to jump start foreign investment against domestic concerns about the GoI awarding lucrative contracts to foreign companies. The MoO may also have a better understanding of the realistic expectations of international oil companies’ interest in Iraq at future oil rounds; however, this event may indicate that future contract negotiations could take months to complete, with increased oil output unlikely before 2011. Several additional contracts were awarded in November 2009 and the second round of oil bidding took place in December 2009. The tightening fiscal environment forced Iraq to pass a 2009 budget that set spending 25% below its original proposal, sacrificing some spending initiatives, and the 2010 budget is now with the CoR.

One of Iraq’s primary economic challenges going forward is to demonstrate that Iraq is a suitable environment for foreign investment. A more attractive business environment would produce both short and long-term positive results for the Iraqi economy as a whole. There are several obstacles to increased foreign investment as well as private domestic investment. Chief among them are an uncoordinated, opaque regulatory system, unclear or uncertain land titling, untested dispute resolution mechanisms (Civil Courts), and endemic corruption. Each in its own way contributes to a lack of uncertainty in the investment climate, through increased risk to both the investment capital and the business

model. Other contributing factors include poor regulatory capacity in the Ministry of Trade (MoT), restrictions on foreign land ownership, restriction on employment in joint venture opportunities, and an uncertain international arbitration framework.

The GoI has begun to recognize the need to attract foreign direct investment as demonstrated by significant high-level GoI participation in the recent investment conference held in London and in the U.S.-Iraq Business and Investment Conference held in Washington, D.C. in October 2009. The U.S.-Iraq Business and Investment Conference was considered to be a success for providing the first forum for the U.S. private sector to engage with the GoI and the Iraqi private sector and for raising awareness of emerging investment opportunities in Iraq. With nearly 150 media outlets reporting, the conference was opened with addresses by the Secretary of State and Iraqi Prime Minister with an estimated 1,100 participants. Furthermore, directly preceding the investment conference in Washington, the CoR passed amendments to the National Investment Law that allow for foreign land ownership for specific sectors.

## Budget Execution

The 2010 budget was approved by the CoM and submitted to the CoR on October 16, 2009, and the CoR has held two readings of the 2010 budget. If the 2010 budget is not passed before the national elections, Iraq will need to operate on a continuing resolution until the new government passes a budget. The GoI continues to face significant challenges in balancing its expenditures and revenue, while limiting the deficit in the face of significant investment requirements. Budget execution, particularly for the capital investment budget, has been a challenge for the GoI since 2005. However, both national ministries and provincial governments have substantially improved their ability to execute capital budgets. Several GoI and U.S.-assisted budget execution workshops have helped improve the execution rate of capital investment projects. Despite progress,



impediments to spending across ministries and provinces remain, including bureaucratic bottlenecks, unclear rules and regulations, technical capacity, security, and absorption capacity. Bureaucratic decision lag continues with regard to allocation releases and issuing letters of credit (LoC). Additionally, the late ratification of the budget complicates both the development and execution of plans within the ministries and provinces. Finally, on-going conflicts in Ninewa and Diyala resulted in slow budget execution in these areas. The KRG has comparatively more contractors and oversight personnel, which made their budget execution more successful; however, the KRG also lacks budget transparency and has not generally demonstrated a disciplined approach in following proper procurement processes and procedures.

The GoI appears to be actively addressing its

budget execution problems. Former Deputy PM Salih, assisted by the U.S. Department of Treasury, hosted nationwide budget execution workshops over the last two years. Additionally, USAID continues to train budget execution personnel on the development of long-range acquisition planning and will conduct similar training for the newly-elected provincial government officials. In June 2009, the MoF also signed a \$20 million technical assistance agreement with the World Bank to finance the Iraqi Public Finance Management project, which covers budget execution as well as budget formulation, procurement, and capacity building.

### 2009 Budget

The CoR passed the 2009 budget on March 5, 2009. The Presidency Council approved the final 2009 budget schedules on April 2, 2009,

(\$ in billions)	2006	2007	2008	2009
Base Budget	34.0	41.1	49.9	58.6
<i>Capital Expenditures</i>	27.8	10.1	13.1	12.7
<i>Operating Expenditures</i>	6.2	31.0	36.8	45.9
Supplemental Budget			22.3	N/A
<i>Capital Expenditures</i>			8.0	
<i>Operating Expenditures</i>			14.3	
<b>Budget Total</b>	<b>34.0</b>	<b>41.1</b>	<b>72.2</b>	<b>58.6</b>
Mol Security Budget	1.9	3.2	5.7	5.5
<i>Capital Expenditures</i>			0.5	0.2
<i>Operating Expenditures</i>			5.2	5.3
MoD Security Budget	3.4	4.1	5.3	4.1
<i>Capital Expenditures</i>			0.4	0.3
<i>Operating Expenditures</i>			4.9	3.8
<b>Security Budget Total</b>	<b>5.3</b>	<b>7.3</b>	<b>11.0</b>	<b>9.6</b>
Base Execution (as of September 2009)	23.0	27.0	47.9	28.0
Supplemental Execution			2.6	
<b>Execution Total</b>	<b>23.0</b>	<b>27.0</b>	<b>50.5*</b>	<b>28.0**</b>

Source: U.S. Treasury Report

\*2008 total expenditures include base and supplemental spending.

\*\*2009 expenditures through September 2009 – most current accurate data available.

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and the budget was published in the Official Gazette on April 13, 2009. The 2009 Iraqi baseline budget is \$58.6 billion, representing an \$8.7 billion (17%) increase over the 2008 baseline budget of \$49.9 billion. Most of this increase correlates to operations including salary and wage increases. The 2009 budget also includes \$2.2 billion for provincial capital expenditures and \$9.6 billion for security capital and operating expenditures (\$5.5 billion for MoI and \$4.1 billion for MoD), compared to \$3.3 billion for the 2008 provincial capital base budget and \$11 billion expenditures for security in the 2008 base budget. The projected budget deficit is \$16 billion.

The 2009 Iraqi Budget Law did not include a provision for rollover from 2008 capital funding. Few new projects for 2009 were funded with the reduced budget and lack of rollover funds and the on-going 2008 projects were funded with 2009 budgetary monies. The decline in oil prices caused a decrease in the 2009 revenue forecast, driving a reduced capital expenditure spending plan and an increased deficit from the previous two budget years

### *2009 Budget Execution*

Expenditures through September 2009 totaled \$28 billion or 48% of the total budget of \$58.6. Since the 2009 budget was not approved until March 2009 and not made official until April 2009, spending was severely limited in the early part of the year. As a point of reference, Iraq executed nearly 70% of its combined base and supplemental budget that was \$72.2 billion for 2008. In contrast, Iraq spent only \$27 billion, or 67%, of its \$41 billion budget in 2007 and spent \$23 billion, or 68%, of its \$34 billion budget in 2006. Of the overall spending, roughly \$9 billion was spent on capital investment projects in 2008, compared to just \$3.4 billion in 2007.

### *2009 Budget Supplemental*

As of the end of November 2009, consideration and passage of the supplemental budget are unlikely as it was overtaken by the CoM's

submission of the 2010 budget. Some of the items included in the proposed supplemental have been incorporated into the 2010 budget.

### **Debt Relief**

The GoI continues efforts to resolve outstanding external obligations including Saddam-era sovereign debt to other states and to private multi-national firms. Iraq has formally settled or confirmed the absence of debts undertaken by the former regime with 61 country creditors, including all 19 members of the Paris Club, and with the bulk of its commercial creditors. Its debts to Paris Club countries, which totaled about \$49.7 billion, were reduced to \$7.4 billion and its debts to non-Paris Club countries with signed bilateral agreements and commercial creditors were reduced from \$34 billion to \$2.3 billion. Iraq still owes between \$34 and \$61 billion in debt to its regional neighbors.

### **Indicators of Economic Activity**

In October 2009, the IMF forecasted Iraq's GDP growth for 2009 to be 4.3% (down from 9.5% in 2008). Growth is forecasted to pick up again to 5.8% in 2010. Analysts expect economic growth to be geographically uneven, with KRG areas continuing their strong progress while central and eastern areas of Iraq are falling into stagnation. The Central Bank of Iraq (CBI) has kept the 1,170 dinar/dollar exchange rate stable since January 2009 through a managed peg policy. The CBI's policy rate has been set at 7% since June 2009 with a deposit facility rate of 5%.

### *Inflation*

A rise in fuel, energy, food, and rent prices in the first nine months of 2009 helped spur a rate of 5.5% year-on-year core inflation in October 2009, down from 13.6% in October 2008.<sup>5</sup> In response to the relatively low rate of core inflation this year, the CBI eased its tight monetary policy stance somewhat by maintaining a fixed exchange rate and holding its policy rate low. Year-on-year headline inflation was -6.4% in October 2009 due to a fall in the price of fuel, energy, and tradable goods when compared to last year. Rents continue to increase annually

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due to a housing shortage of approximately 1.5 million units (UN Habitat) and pressures from returning refugees and IDPs, and a young, increasing population.

### *Unemployment*

The official GoI published unemployment rate is currently estimated to range between 15%-17% with underemployment affecting approximately 30% of the labor force. This indicates the Iraqi economy is unable to provide enough work for much of the available labor force, and with approximately 240,000 new entrants into the workforce each year, unemployment rates will continue to rise without a strong focus on job creation. Unemployment is concentrated and rising among younger men, aged 15-29, with this group making up 57% of all unemployed Iraqis. The data revealed that while the government still employs the majority of the full-time work force, over a third of the full-time work force is now employed in the private sector, an increase from only 24% in 2007. Private sector jobs tend to be informal, insecure and low-wage compared to public sector employment, and households without a public sector employee are more vulnerable to poverty. The drop in oil prices in 2009 placed a strain on the public budget. Private sector development and job creation will be the key to improving unemployment levels in Iraq.

### *Education*

Education in Iraq is under the control of the Minister of Education and the Minister of Higher Education. Education at all levels, from primary to post-secondary education, is funded by the GoI. Only the first six years of primary education are mandatory. Functional illiteracy is defined as having less than fourth grade reading comprehension; women and those living in rural areas are most likely to be illiterate. An estimated 5 million Iraqis are functionally illiterate and the Iraqi adult illiteracy rate is now one of the highest in the Arab region. Approximately 14% of school-age children are currently out of school because they have no access to suitable schools. USAID, the UN, and numerous non-

government organizations (NGOs) are working to improve the quality and availability of schools and literacy programs throughout Iraq. Improving education and literacy rates will be a key factor in building economic stability.

### *Hunger and Poverty Levels*

According to the most recent UN report, an estimated population of 930,000 (3.1% of the households sampled) are classified as food insecure, living on less than \$1 per day.<sup>6</sup> The Central Organization for Statistics and Information Technology reports that 22% of the population (6.6 million) is malnourished. Results also indicate significant improvement compared to the estimated 4 million (15.4%) food insecure and 8.3 million (31.8%) potentially food insecure people reported in the previous 2005 survey. Factors that may have contributed to this include an overall improvement in security, improvement in some macroeconomic indicators that are used to monitor the level of economic growth in Iraq including GDP, and enhanced humanitarian efforts on the parts of the GoI, UN organizations, and NGOs.

### *Public Distribution System*

Iraq's Public Distribution System (PDS) is the world's largest food ration program. In theory, it provides a basket of food and other household commodities to virtually every Iraqi citizen. Iraqi leaders acknowledge, however, that the PDS is inefficient, creates tremendous opportunities for corruption, distorts domestic commodity markets, and delivers only a fraction of the commodities promised. For these reasons, the GoI has committed, over the long-term, to reforming and possibly monetizing the PDS. There has been mention of making small reforms to the PDS through the 2010 Budget Law, but the GoI does not intend to end the program, and officials from the MoT, which administers PDS, insist that no reforms will occur before a new government comes into office after the 2010 elections. USAID is currently implementing a reform program with the Social Safety Net (SSN) program at the Ministry of Labor and Social



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Affairs. The program entails a revamping of the SSN program to enable the Ministry to detect any duplication and prevent fraudulent activities through a new transparent database system. The new system will also connect 18 sites, allowing a more streamlined interaction with the various provinces. Ration cards issued by the GoI to every Iraqi family have become the mechanism utilized by the GoI to track population and register voters, further politicizing any efforts to reform or abolish the program.

### **Business Development and Integration into the Global Economy**

Iraq is making slow progress toward reintegrating with the broader international community. The central government, as well as provincial governments and investment commissions, reached or are working on agreements to promote trade and investment with more than 15 major countries and international organizations, including the UN, Organization of Islamic Conferences, Australia, France, Germany, Italy, Iran, Japan, South Korea, Sweden, Qatar, and the UK.

The DoD Task Force to Improve Business and Stability Operations (TFBSO) continues its support of the National Investment Commission (NIC) and commercial interests in Iraq by hosting investors on short visits and providing longer term accommodations for companies seeking to establish a permanent presence in Iraq.

The NIC and the Provincial Investment Commission (PIC) programs, established to develop the investment capabilities of national and provincial governments, are promoting foreign investment in Iraq. During this reporting period, the NIC Chairman championed the passage of an amendment to Investment Law No. 13 of 2006 that is designed to clarify land use issues previously undefined by existing legislation, a major inhibitor to investment progress in Iraq. Additionally, the amendment established national- and provincial-level committees that will identify land to be used by the NIC for investment purposes. The amendment

also puts in place specific terms for appointed PIC chairmen and commissioners to allow some independence from provincial government changes following elections.

The Organization for Economic Cooperation and Development (OECD), in coordination with the U.S. Embassy, has conducted three PIC training sessions for all of the PIC members. These training sessions provided the commissioners with information and methods for developing a provincial investment strategy, organizational and management development, and marketing and business development. The PICs of all provinces have each contributed to the overall \$9.7 billion private-sector development progress started in 2008, compared to \$4.8 billion at the end of August 2009. Through November 2009, a total of 125 investment licenses (compared to 100 at the end of August 2009) have been signed with construction of 18 of the projects (valued at \$180 million) underway, compared with 16 projects valued at \$176 million at the end of August 2009. There were 7 projects valued at \$23 million completed through November 2009 compared with 3 projects valued at \$22 million at the end of August 2009.

The Business and Investment Conference held in Washington D.C. in October 2009 provided an opportunity for interested investors to better understand Iraqi business opportunities. PM Maliki led the 132-member Iraqi delegation that consisted of senior ministerial, provincial, and parliamentary leaders. Through panel discussions, investment sector briefs, and one-on-one matchmaking opportunities, American business leaders were provided access to the 750 investment opportunities being offered by the GoI, as well as regulatory and legal hurdles for investment. This same venue provided the GoI with a view of U.S. business interests, and also addressed GoI concerns regarding assurances of contractual guarantees and the existing regulatory and legal maze for investing in Iraq.

The State Board of Tourism (SBT) hosted several tourist groups during this reporting

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period. This year Iraq will have hosted seven foreign tourist groups not associated with religious pilgrimages visiting the vast archeological, religious, and historical sites Iraq has to offer. This surge in interest reinforces the growing perception that Iraq is becoming safer for tourists. In October 2009, the SBT coordinated tours for the first American tourism company, Advantage Travel and Tours. Additionally, 27 signed investment licenses totaling \$2 billion have been directed toward tourism and hospitality industries, and 13 projects are under construction.

The Donors Committee oversees the International Reconstruction Fund Facility for Iraq (IRFFI), which since 2004, has served as the multilateral mechanism for turning international financial contributions into assistance projects for Iraq. The IRFFI has largely accomplished its original mission. It is scheduled to close out its trust funds, and the Donors Committee will stop taking new donor contributions by the end of 2009, stop initiating new projects and contracts by the end of 2010, and terminate the IRFFI altogether by the end of 2013. The IRFFI collected more than \$1.8 billion in donor deposits and invested more than \$1.5 billion in assistance. Most of the countries that contributed to the IRFFI now have their own bilateral relations with Iraq for assistance, trade, and investment.

### *Banking Sector*

Operationally, two of the largest state-owned banks, Rafidain and Rasheed, continue to undergo a comprehensive financial and operational restructuring with support and guidance from international donors such as the World Bank, the IMF, the Financial Services Volunteer Corps, and the U.S. Treasury. The World Bank appointed a Project Manager who is tasked with coordinating the operational restructuring of both banks. In the interim, slow but steady progress is being made on the development and implementation of a core banking system for the Rafidain Bank. The MoF has delayed the initial recommendation for the Rasheed Bank's core banking system.

Implementing modern core banking systems is critical to the state-owned banks utilization of the Iraq Electronic Payments System and front-end (consumer-oriented) technologies that will reduce Iraq's over-reliance on cash. Progress is being made on documenting the current operational processes for both banks, which is the basis for determining the need changes. To date, both banks have resisted a strategic planning exercise as a way to defining their particular goals and franchises. Rafidain is working to develop a strategic plan that would link together into a modern network 150 branches around Iraq and offshore. The incremental movement of the powerful Restructuring Oversight Committee, chaired by the MoF and the CBI, has also slowed the restructuring of Iraq's state-owned banks.

The TFBSO has continued its banking and financial networks initiatives to enhance the development and use of a modern, internationally competitive banking sector in Iraq through design and implementation of a robust end-to-end financial infrastructure that connects Iraq to the global financial community. In addition to MasterCard, Visa is now widely accepted throughout the country. The presence of both major credit cards provides Iraqis and international visitors with access to retail goods and services without the use of cash. Card holders are also able to access cash through a network of ATM's and cash advances from bank branches. Additionally, the number of bank branches continues to increase. Currently, there are 893 branches available throughout Iraq. Approximately 50% of banks in Iraq are able to send and receive international payments electronically.

The TFBSO is working with Iraqi banks with electronic funds transfer (EFT) capability to improve the effectiveness of their transactions through the EFT assistance center. The center is staffed by Iraqis and managed by TFBSO and works to facilitate and improve upon the payment system between the U.S. Government and Iraqi contractors. In the summer of 2009, a payroll card and direct deposit program was

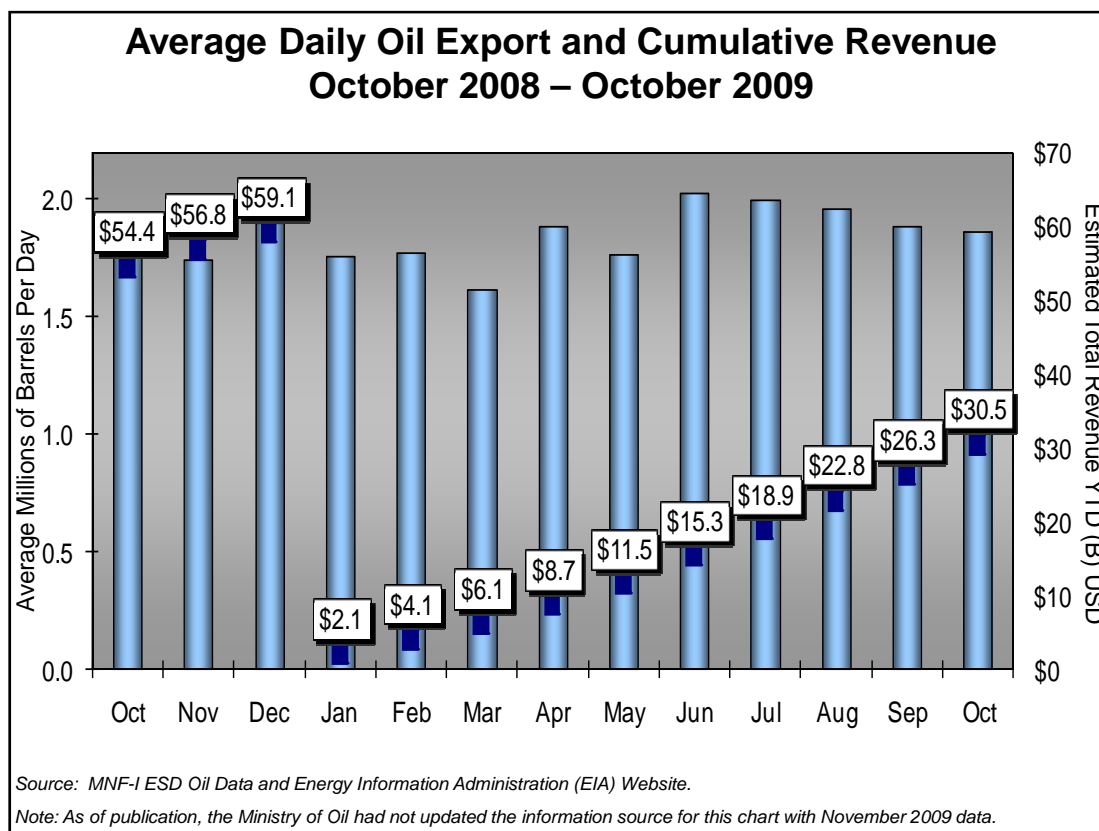
established to increase payroll efficiency and reduce cash handling in Iraq.

The TFBSO has facilitated the establishment of an International Financial Services Association (IFSA) Chapter in Iraq that will be operational in December 2009. This organization will provide Iraqi private banks with a professional support structure to enhance their capability to support foreign direct investment. IFSA will position Iraqi banks with one additional tool to compete on the global financial sector.

### Oil Industry

Oil production and exports remained relatively stable throughout 2009, with oil production increasing slightly throughout the year and oil prices recovering significantly. Unfortunately, it is believed the production increases are unsustainable without significant investment in the oil wells. Through October 2009, Iraq's oil production is averaging 2.4 million barrels per day (mbpd), and Iraq's oil exports are averaging 1.8 mbpd. Old and poorly maintained reservoirs and infrastructure have been called upon to increase production in the South but

this could cause permanent damage to those reservoirs, limiting their ultimate amount of recoverable crude. A production slowdown is expected in the South as the new Southern Oil Company Director General takes control and using his engineering knowledge, directs oil exploitation to a more sustainable level rather than the higher more politically driven amount. Despite CoM approval of the China National Petroleum Company (CNPC) contract on November 3, 2009, a trend of declining production is expected to continue throughout 2010, unless the companies are able to immediately start reworking wells or adding new ones. The resubmission of bids for the West Qurna Phase I and Zubayr fields ended up in awards for ExxonMobil and ENI (with its U.S. partner Occidental Petroleum). Additionally, the MoO Crash Program, consisting mainly of drilling new wells and working over old ones, should mitigate the decrease. Increased production in the North along with the possible resumption of limited KRG exports that began in June 2009 but were halted in October 2009 due to payment issues may also help offset declines; however, the sustainability of the KRG exports

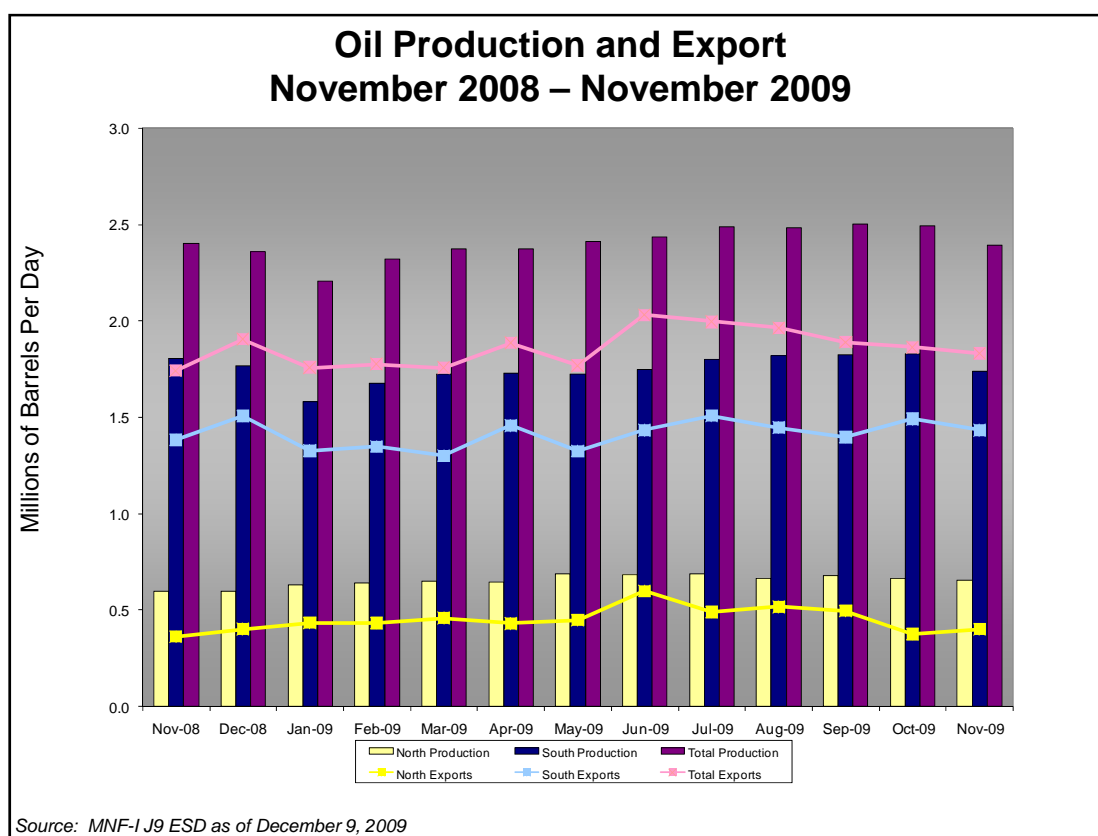


still remains to be seen. Other notable but stalled oil sector deals are the Shell gas deal and Nippon's contract for Nassiriyah oilfield. Both could be delayed until after the 2010 national elections.

Security improvements have helped maintain the current levels of production and exports. Although there have been several minor pipeline interdictions over the last six months, none have impeded production, export, or refining. Iraqi technicians have completed repairs on the 8-inch product pipeline in the Bayji to Baghdad pipeline corridor. They are now working on the two 12-inch crude oil lines within this corridor. The repairs to the 16-inch refined product line from Bayji to the Hammam Al Aleel depot near Mosul have been completed with the pipeline now waiting for the Bayji refinery to produce sufficient product for the line's use. Two teams are carrying out repairs on the 12-inch Naft Khana crude line where the Oil Pipeline Company is currently testing the line. These repairs will increase the supply of crude to the Doura Refinery in Baghdad. The

Pipeline Exclusion Zone (PEZ) projects are incomplete due to MoD and MoI disagreements over contracts for guard towers along the three PEZs. The U.S.-funded piece of the Bayji-to-Baghdad PEZ program was completed in September thus finishing the last of the U.S.-funded portions of the PEZs.

Despite improvements, much of Iraq's crude oil infrastructure remains outdated and under-resourced. To maintain current export levels and increase those amounts, the MoO is undertaking the Southern Export Redundancy Project. The project is currently on track to have Phase One, which allows for redundancy of current export levels, completed by mid-2011. The MoO is also progressing with a series of project proposals aimed at modernizing and expanding production, specifically in the refining sector. In early 2009, PM Maliki supported a strategy to restructure and revitalize the Iraqi oil sector and realign policy and responsibilities, but it has not been endorsed by the CoM. The CoM approved a renegotiated contract with the CNPC for the Ahdab field in



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Wasit. The work is underway, but CNPC is facing difficulties meeting expectations of job opportunities for the local community.

First round bidding that only resulted in one contract was successful since the MoO conducted a transparent process that balanced the GoI need to jumpstart foreign investment against domestic concerns about the GoI awarding lucrative contracts to foreign companies. Another apparent success from the first bid round is that the CNPC negotiations have established a precedent that has made other international oil companies return to bid on the first bid round oilfields. An agreement (subject to CoM approval) was reached on November 2, 2009, for Zubair oil field with a consortium led by Italy's ENI, and on November 5, 2009, with a consortium led by Exxon for West Qurna Phase 1 (also subject to CoM approval). The second round of bids were held in mid-December 2009. Given the length of the contract negotiation process, it is unlikely that there will be any significant bid round-related foreign involvement in the Iraqi oil infrastructure before 2011.

### Agriculture

As a nationwide industry, Iraqi domestic agricultural production continues to lag due to many factors, including drought and government policies that distort the market and undermine productivity. The lack of adequate credit, quality inputs, and the general state of disrepair of irrigation and agricultural infrastructure all contribute to the problem that the sector faces. Poor plant and animal genetics, insufficient fertilizer use, traditional and often outdated farming practices, the lack of modern farm machinery, and irrigation practices are some of the specific areas that need to be addressed. Security issues, as well as a steep learning curve for market-oriented agriculture also constrain this sector.

Ministry of Agriculture (MoA) programs, projects, and initiatives will be limited in 2009 because of a reduced ministerial budget. The ongoing drought resulted in a second year of

reduced grain output. Summer 2009 wheat and barley production were only marginally better than the drought-damaged crop of 2008. However, with the exception of rice production, most of the drought damage was in grain-fed production areas in northern Iraq. Rice production was more seriously affected as the planted area declined due to the reduced supply of irrigated water. Over 70% of Iraq's water originates from outside its borders and is carefully managed by upstream dams in Turkey, Syria, or Iran. Externally regulated flows of the Tigris and the Euphrates River and their tributaries have contributed to the lowest recorded river flows for the last two years, causing significant downstream impacts. Careful management of the remaining water resources in the Dokan and Derbendikahn Dams is necessary to ensure an adequate amount of water for the fall planting season. Additionally, low flow in the Shat Al Arab permits significant backflow of highly saline water from the Arabian Gulf. The low flow conditions and high salt concentrations have reduced the quality and quantity of water available for irrigation. Responsible water sharing discussions with Turkey, Syria, and Iran are ongoing but to date have yielded no long-term solutions.

Efficient use of water is a national problem, and the PM's Advisory Commission, the Ministry of Water Resources (MoWR), the MoA, and the Minister of the Environment work to coordinate solutions to this issue. The TFBSO works directly with the MoWR and the MoA to help adopt advanced technologies to solve this problem. Although an estimated 80% of the water of both the Tigris and Euphrates rivers is used in agricultural production, most of this water is essentially wasted due to the flood irrigation system used. Further, soil salinity puts over 3 million acres of agricultural land out of production. To solve this problem, TFBSO hosted a leading international producer of pivot systems to Iraq in November 2009. In coordination with the Ministry of Industry and Ministry of Agriculture, the corporation signed a joint venture to



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manufacture its system in Iraq. TFBSO is also working to improve drip irrigation systems for use in Iraq's vegetable production in green houses, and fruit and olive trees. Drip irrigation could potentially save 90% of the water currently used on these crops.

### **Essential Services**

Progress in delivering essential services varies by sector. Demand for electricity still exceeds supply; however, moderate temperatures may drive a decrease in overall demand as the year ends, narrowing the gap between electricity supply and demand. The GoI's continuing investment in the electricity sector contributes to increased grid reliability and promotes economic stability, a key issue for the upcoming national elections. Although many Iraqis still report limited access to potable water, construction of major new water supply and treatment plants continues. Improvements were made to Iraq's telecommunications infrastructure, and initial steps are being taken to restore and expand the country's transportation infrastructure. The provision of essential services remains a key component of national unity and a significant factor in building popular support for the GoI.

### **Electricity**

Average daily electrical generation for the period September through November 2009 was approximately 145,850 megawatt-hours (MWH), a 30% increase over the same period last year. Almost 60% of Iraqis sometimes get the electricity they need; this is a 10-point increase over April 2009 levels.<sup>7</sup> Over 25% of Iraqis are content with access to electricity, an increase of almost 10 percentage points from August 2009 levels.<sup>8</sup> Imports from Iran and Turkey averaged approximately 16,266 MWH in October 2009 and accounted for just over 10% of the total supply.

Over 1,200 megawatts (MW) of new generation capacity has been added to the national grid since the beginning of 2009. In July, August, and September 2009, two diesel units at Baghdad North (22 MW) and Baghdad South

(45 MW) were completed for a total increase of 67 MW. In October and November 2009, units at Samarra (102 MW), Baghdad South (17 MW) and Qudas (90 MW) came online, increasing capacity by 209 MW. Cumulatively, the power output capacity increase since July 2009 equates to powering approximately 530,000 households 24 hours per day.

Budget shortfalls caused the March 2009 renegotiation of the General Electric (GE) "Megadeal" project delivery and payment schedule. This MoE project will nearly double national generation capacity, once plant engineering, procurement, and construction (EPC) programs are completed for the 56 GE combustion turbines. The MoF issued \$2.4 billion in treasury bills in September 2009 to satisfy the 2009 GE and Siemens payments, and to provide \$400 million to partially finance the cost of these EPC programs. The first 15 of these GE units are scheduled to come online in late 2011 or early 2012.

Progress has also been made in GE Fast Track and MoE Fast Track projects. The GE Fast Track involves the installation of eight GE units at Taji, Karbala, and Hillah to add 660 MW to the grid. Estimated completion date is late 2010, with all units already in country. The MoE Fast Track project represents more than 600 MW of additional capacity, with units at Al Rasheed, Amarra, Najaf, and the placing of two Kartet power ships at Um Qasr and Khor Zubair. Estimated completion for these projects is expected in early 2010. USAID currently engages the MoE in organizational development issues as they relate to human resource management and manpower planning. This exercise allows the MoE to identify required skills based on the job descriptions that will soon be completed.

### **Water and Sewer**

Through the combined efforts of U.S. forces, the Embassy, NGOs, and the Ministry of Municipalities and Public Works, the potable water supply and access to wastewater treatment to Iraqis has improved.

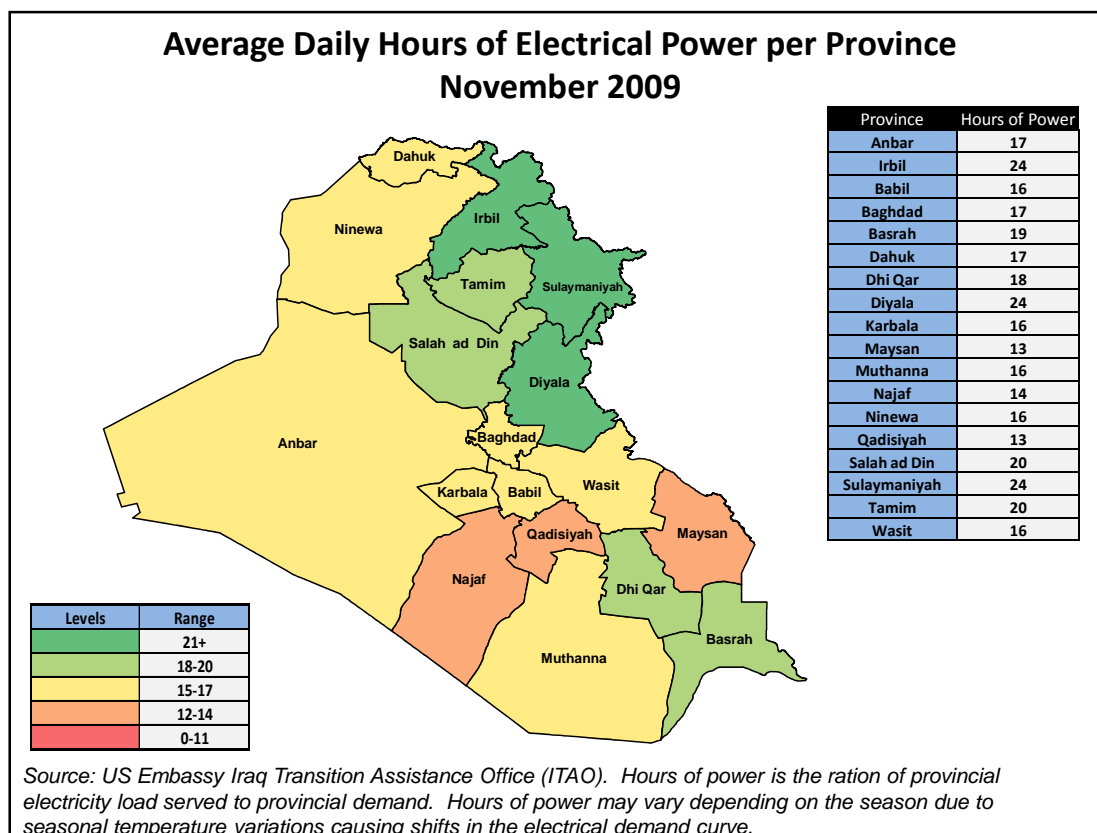
The Ministry of Municipalities and Public Works' water network repairs, proper treatment of potable water, and point-of-use testing program have been effective in ensuring the public water supply is safe for consumption. Potable water capacity has steadily increased and is in excess of 2.5 million cubic meters per day, potentially benefiting up to 8 million more Iraqis. With 1.2 million cubic meters of wastewater per day processed, the number of Iraqis benefiting from such treatment has increased to 5.2 million. However, challenges remain, including improving the capacity of water treatment plants, repair and maintenance of pipelines, proper treatment of water, and projecting and meeting population needs. In November 2009, almost 70% of Iraqis reported having access to clean drinking water at least some of the time.<sup>9</sup> Although the majority of Iraqis can get safe drinking water, over 30% are satisfied with their access to drinking water, an improvement from August 2009.<sup>10</sup> Over 50% of Iraqis claim that they sometimes have a working sewage disposal system, a slight increase from the last report.<sup>11</sup> The percentage of Iraqis satisfied with access to sewer drainage services is over 25%, a slight

improvement from August 2009.<sup>12</sup>

The Ministry of Municipalities and Public Works faces many of the same challenges as other ministries such as budget execution and operations and maintenance, but they additionally face the need for raw water availability to provide adequate treated water to meet basic human needs. They face the delicate balancing of water requirements with the agricultural sector and the basic need to provide adequate essential services to all Iraqis.

### Healthcare

Although many challenges remain, the Ministry of Health (MoH) and U.S. Government continue to work together as the MoH builds its capacity to meet the health needs of Iraqis. As of November 2009, 25% of Iraqis are satisfied with availability of health services.<sup>13</sup> The Basrah Children's Hospital is expected to open for inpatient and outpatient care by the end of December 2009. This joint effort brings a specialized capability and improves delivery of pediatric oncology services in the region. Partnering together, the U.S. Army 10<sup>th</sup>



Combat Support Hospital, Baghdad and the MoH recently completed an intensive cooperative training program for physicians, nurses, pharmacists, and administrative and support specialties. Furthermore, on October 1, 2009, the U.S. Government formally turned Ibn Sina Hospital back over to the GoI. The transfer of this historic hospital will further bolster the overall restoration and development of the Iraqi-Baghdad health care capabilities.

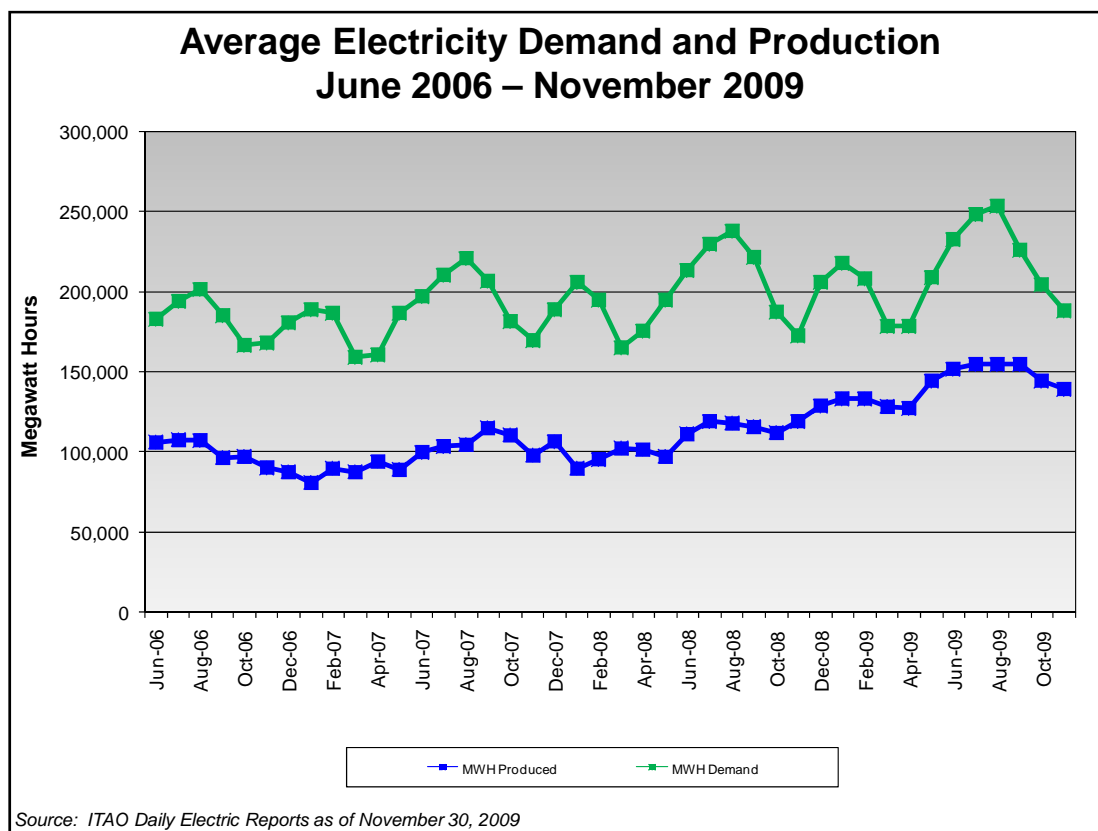
The MoH continues to face human resource challenges across the spectrum of healthcare professionals, including doctors, nurses, and ancillary support staff. The number of repatriated physicians, dentists, and pharmacists has increased 25% from June to September 2009, bringing the total to 1,500; of which 1,150 are physicians, 200 are dentists and 150 are pharmacists. However, a physician shortage continues to exist in Iraq and the GoI continues its efforts on training, recruiting, and filling vacancies. Additionally, the *Tatweer* program has been working with the MoH on building the capacity of its staff at the central and the provincial level. In addition, the program has

helped to reform some of the crucial operating procedures to effect a more streamlined standard operating system within the ministry. More than 16,000 staff have been trained in five main core public management areas in the last three years.

In the northern provinces, the Air Force Theater Hospital (AFTH) at Joint Balad Base has been working with the Iraqis and plans to open a joint medical training facility in early 2010. The facility will be staffed by the Iraqis and will provide multidisciplinary medical training for Iraqi physicians. Select patients, who have been jointly screened, will be referred to the AFTH for surgical procedures performed by Iraqi surgeons in conjunction with AFTH surgeons. The training center and the AFTH continue to build healthcare capacity and capability for the future of Iraq.

### Transportation

As part of the U.S.-Iraq SA, Iraq assumed control of all of its sovereign airspace. Within the agreement, the GoI requested assistance from the United States to monitor and control





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airspace below 24,000 feet until the GoI has the infrastructure and capability to assume control of all of its airspace. An Airspace Transition Plan was developed and signed by all parties to incrementally transfer control of the airspace to the Iraq as the required infrastructure and certified controllers are developed. To date, the lack of investment, antiquated acquisition and procurement processes, and poor business practices have impeded the Iraq Civil Aviation Authority from moving forward. No additional transfer of airspace control is expected until the fall of 2010.

Rehabilitation and expansion of Iraqi railroad track and station infrastructure continue. Efforts to develop a state-of-the-art train control system for the railroad are nearing completion. Completion and turnover of the train control system to the Iraqi Republic

Railway is expected in January 2010. Inter-modal distribution network partnering with the Iraqi Transportation Network (ITN) and the Iraqi Republic Railroad (IRR) continues to grow commercial business development.

### **Conclusion**

Despite considerable challenges, the Iraqi economy continues to grow, and the GoI is working to improve budget execution and the provision of essential services. However, weak oil prices and fluctuating oil exports may restrict government expenditures over the next year. Iraq's ability to attract foreign capital by providing a secure, market-friendly environment in an expeditious manner will ultimately be a pivotal factor in determining Iraq's near-term future growth trajectory. The GoI will need to continue its investment program to develop all sectors of its economy.

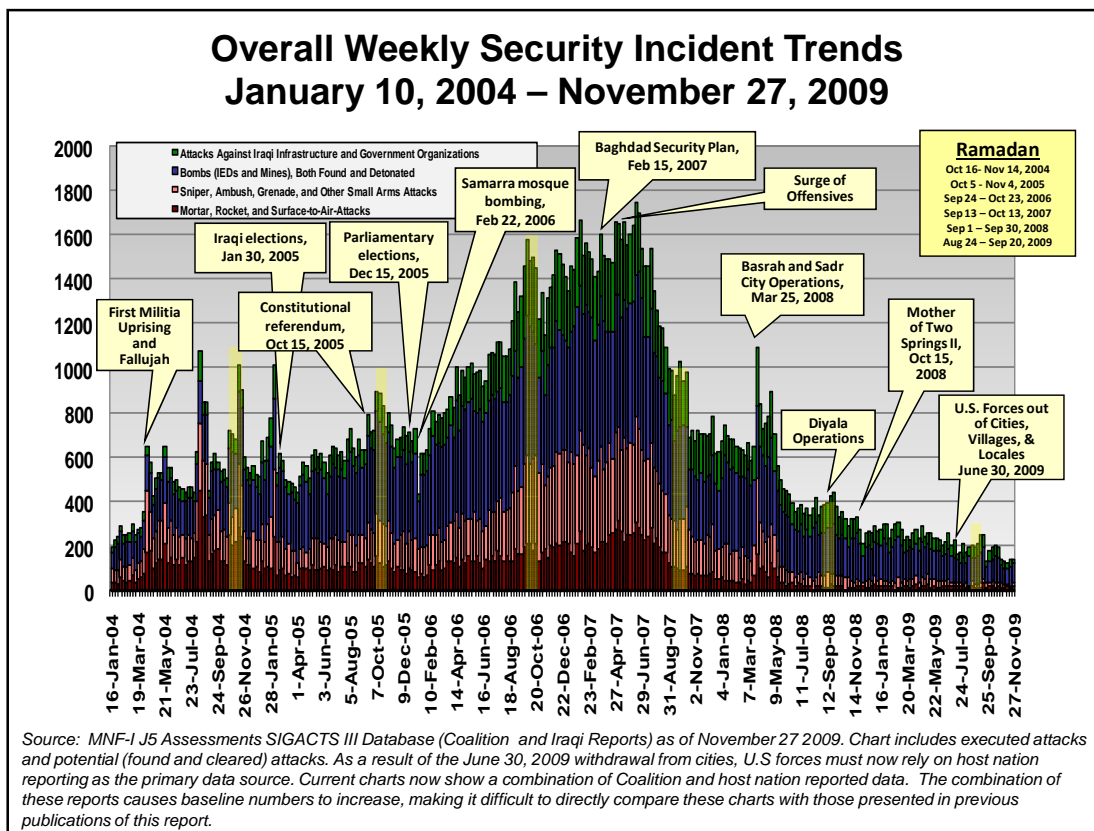
### 1.3 Security Environment

Iraq's security environment continues to improve steadily; however, significant challenges remain, including control of border areas to reduce the import of lethal materials and continued development of the capability of the MoI and MoD to coordinate security matters. Average monthly security incidents throughout Iraq continued to decline from September to November 2009, showing a 19% drop from the last reporting period and a 50% drop compared to the same period in 2008. The ISF and GoI continue to disrupt violent networks. Iraqi led, U.S.-supported targeting of key leadership and operatives constrain Al-Qaeda in Iraq's (AQI) efforts to coordinate spectacular attacks.

#### Overall Assessment of the Security Environment

Security incidents remain at the lowest levels in more than five years, and progress in the security environment remains steady. Even though insurgent and militant activities in Iraq continue to decline, the environment remains dangerous. Several Sunni nationalist groups,

including Jaysh al Islami (JAI), the 1920s Revolutionary Brigade, the Mujahidin Army (MA), and the Jaysh Rijal al-Tariq al-Naqshabandi (JRTN), remain in armed resistance and continue to conduct attacks against U.S. and Iraqi forces. Many Shi'a militant members have transitioned from violence to political action. Remaining Shi'a militants have reorganized themselves into three different entities. Trained and funded by Iran, the Promised Day Brigade (PDB), the reorganized militant arm of Muqtada al-Sadr, and Kata'ib Hizballah (KH), continue to attack U.S. forces. The Shi'a militant group Asaib Ahl al-Haqq (AAH) appears to be observing a ceasefire and is in reconciliation discussions with the GoI. Since the implementation of the SA, the ISF have the lead in operations in Iraq, and U.S. forces now act in supporting roles, both partnering with and enabling ISF as they disrupt the freedom of movement and re-supply capabilities of AQI and other insurgent and militant groups. Despite this progress, AQI retains a limited capability to conduct high-profile attacks (HPAs), targeting the GoI,



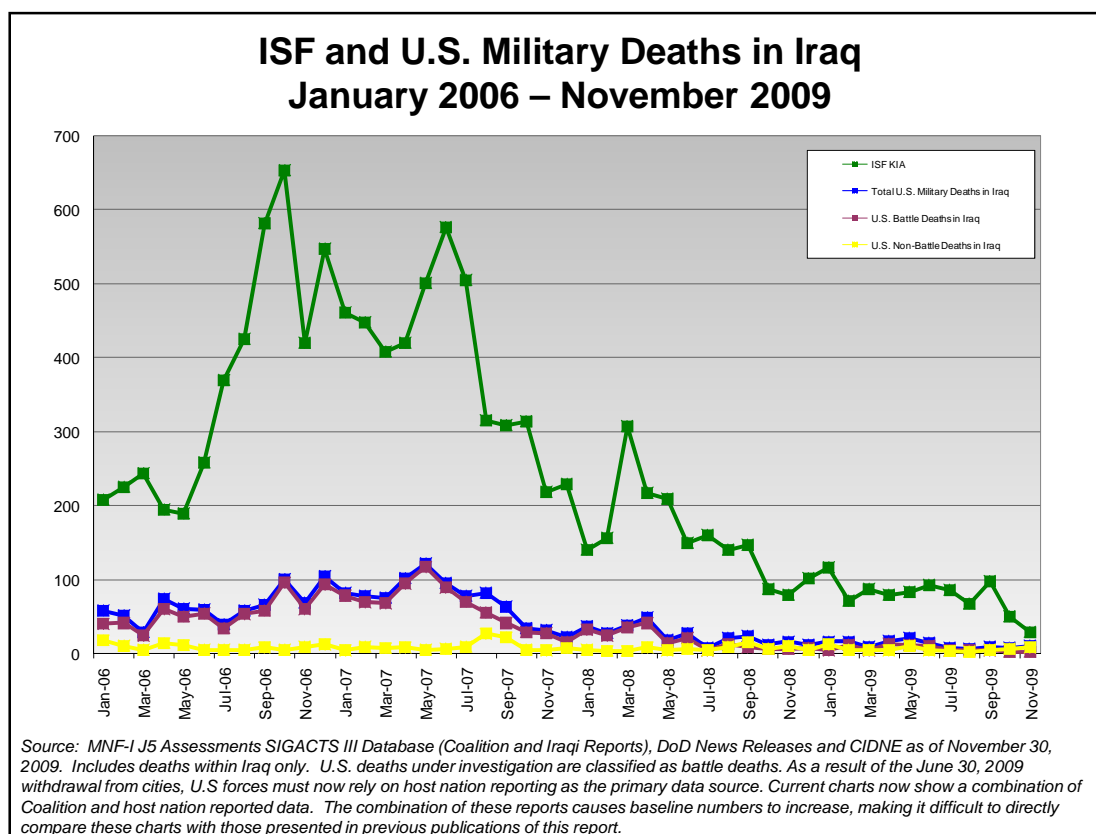
civilians, and ISF primarily in mixed urban areas, such as Baghdad, Diyala, Mosul, and Kirkuk.

### *Sons of Iraq*

As of November 2009, approximately 67,000 Sons of Iraq (SoI) in nine provinces are awaiting transition into GoI ministry positions. In October 2009, the GoI completed a double payment for August and September 2009 salaries due to delays associated with Ramadan. SoI are paid by the Iraqi Army in all but one province (Anbar), where the IP are responsible. IFCNR reported that the Qadisiyah Sheikhs agreed to a resolution, and pay operations began on November 23, 2009, for the 1,175 properly-registered SoI. Early SoI transition focus was on security transitions; however, the GoI focused heavily on non-security transitions during this reporting period. The GoI has transitioned 21,752 SoI into GoI ministry positions in Baghdad through mid-November 2009, raising total SoI transitions to 25,833 within civilian ministries and private enterprise. The vocational programs originally initiated with

MoLSA have not gained traction within the GoI, and since transition began the ministries have handled SoI training programs internally. In addition to the SoI transitioned into non-security positions, 13,342 SoI to date have transitioned into the ISF.

IFCNR is currently working SoI vetting for 20% transition into the ISF for provinces outside of Baghdad. According to IFCNR, all names of vetted SoI to be hired into the ISF for all provinces—with the exception of Qadisiyah due to ongoing pay issues—have been provided to the MoI. The pace of transition continues to be metered by the Baghdad Operations Center (BOC) Commander's assessment of security in Baghdad and the upcoming National Elections. Generally, SoI who have transitioned to ministry jobs are doing well. Current reporting shows SoI are receiving hiring notifications and information sheets with their job information and start date. SoI are satisfied with the notification process and with the positions they receive. In October 2009, IFCNR representatives responsible for SoI transition held



meetings to facilitate coordination between the GoI and local officials, providing the required information to transition the SoI to security, ministries, and service departments.

### *Daughters of Iraq*

Daughters of Iraq (DoI) continue to support local Iraq Police checkpoints in Anbar, Baghdad, and Diyala. The DoI do not carry weapons, but are stationed at checkpoints with armed males, and work in pairs conducting body searches on female visitors for weapons and explosives. As the Iraqi Police continue to add females to their ranks, the requirement for DoI will slowly diminish. There is no plan to transition DoI into permanent employment in the ISF.

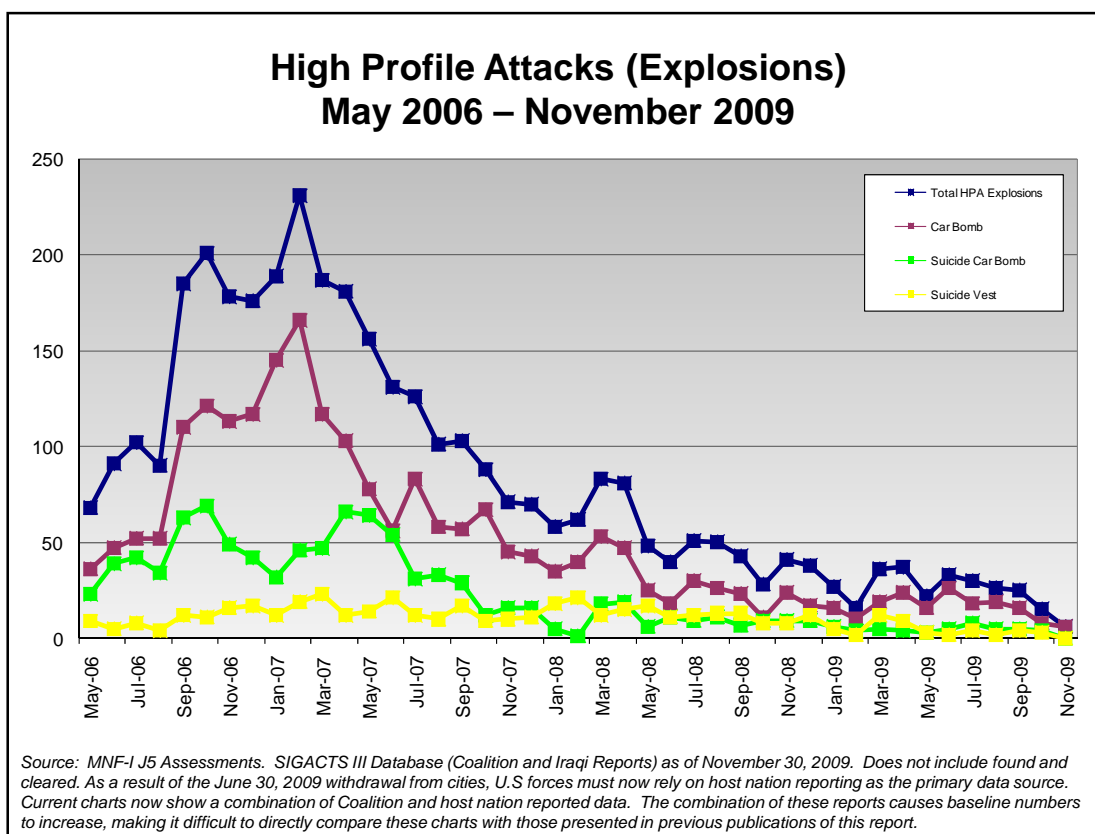
### **Attack Trends and Violence**

Violence levels in Iraq, as measured by weekly overall security incidents and including all reported attacks against civilians, the ISF, and U.S. forces, have remained at low levels from September to November 2009, averaging 177 security incidents per week, which reflects a

13.2% decrease from the last reporting period. Baghdad, Diyala, Ninewa, and Salah ad Din contain approximately half of Iraq's population and accounted for 75% of these security incidents. The decrease in security incidents contributed to a drop in civilian deaths due to violence. The daily average number of civilian deaths due to violence decreased from 9.5 per day to 5.5 per day. Although the HPAs on October 25 and December 8, 2009, caused a large number of civilian deaths and injuries, thus far, these attacks have not rekindled a cycle of ethno-sectarian violence.

### *High-Profile Attacks*

During September to November 2009, the number of monthly HPAs decreased 50% nationwide from the previous reporting period. AQI, however, retains the intent and capability to carry out these attacks as demonstrated by the August 19, October 25, and December 8, 2009, bombings targeting GoI ministries in Baghdad. During this reporting period, 43% of all casualties were caused by HPAs, although over half of the HPA casualties during this



period were from the one attack on October 25, 2009. Approximately 60% of HPAs are vehicle-borne improvised explosive devices (VBIEDs) and these remain AQI's weapon of choice. Suicide attack trends remain low, and female suicide attacks are approaching zero. There was only one reported in the last four months. Target focus continues to be on GoI institutions, as well as ethno-sectarian and ISF-based in order to discredit the GoI and increase ethno-sectarian tensions. Suicide attacks primarily occur in mixed urban areas such as Baghdad, Mosul, and Kirkuk. Although HPAs and attack trends in general remain low, a single, effective HPA can disproportionately influence perceptions in Iraq. This was demonstrated, once again, by the attacks on August 19, October 25, and December 8, 2009. These attacks, however, have not rekindled a cycle of ethno-sectarian violence.

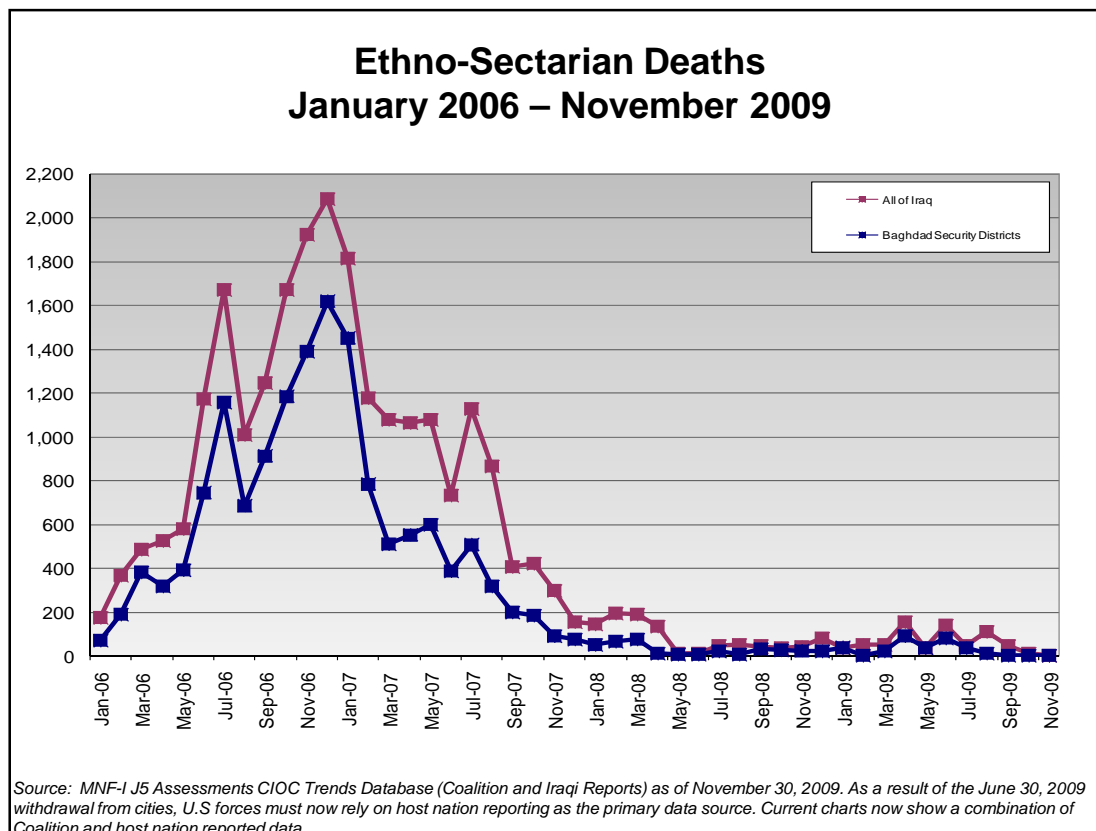
#### *Explosively-Formed Penetrators*

Levels of monthly explosively-formed penetrator (EFP) incidents have slightly decreased compared to the previous reporting

period. The low attack levels are primarily attributed to reduced exposure of U.S. forces as targets. ISF and U.S. forces security and targeting operations have reduced Shi'a extremists' ability to smuggle materials both into and within Iraq, and to emplace EFPs and IEDs. However, the IEDs that are successful tend to be more sophisticated and the extremists using them are better trained. Iran will likely continue providing Shi'a proxy groups in Iraq with funding and lethal aid, calibrating support based on several factors, including Iran's assessment of U.S. force posture during redeployment and the likelihood of Iranian sympathizers being elected in 2010. Iran will also continue to conduct soft power operations in Iraq with specific focus on Iraqi religious and economic interests.

#### **Insurgent and Militant Groups** *Shi'a Extremist Groups*

Iraqi and U.S. forces continue to target Shi'a militant groups, hindering their operations, and these groups are increasingly pursuing their goals in the Iraq political process. Muqtada al-



Sadr's objectives have not changed with regard to transforming the Sadrist movement, especially as the 2010 national elections draw closer. Sadr continues to convey anti-western and anti-U.S. sentiments while transforming what was formerly the Jaysh al-Mahdi (JAM) into the social, religious, and cultural group, *al Mumahiddun*. Sadr's militant wing, the PDB, continues to expand and become more active, checked somewhat by ISF and U.S. force targeting. Notwithstanding the AAH cease-fire and overall degradation of KH and PDB, attacks are still being conducted primarily against ISF and U.S. forces. The Shi'a militant groups, however, are still plagued with internal conflicts of plans and policy and an absence of senior leadership.

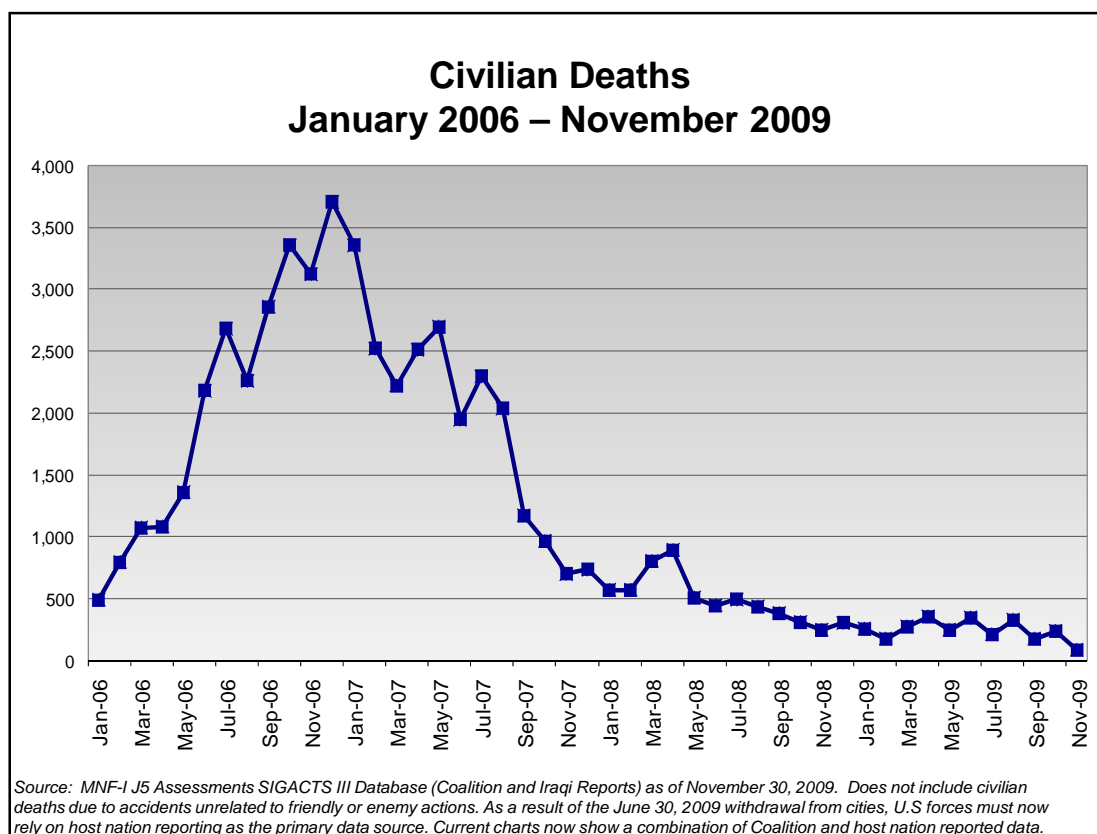
### *Sunni Insurgents*

Several Sunni insurgents groups continue attempts to destabilize Iraq with the intent of discrediting the GoI. This includes the JRTN, a growing Sunni Ba'athist group that conducts insurgent activities throughout the central and northern regions of Iraq. Religion and

nationalism motivate a small number of Sunnis who conduct attacks either to expel the U.S. forces, reduce perceived Iranian influences, or highlight instances where Islamic Law may have been violated. These groups include the 1920 Revolutionary Brigade, the MA, Ansar al-Sunna-Shari'a Council (AAS-SC), JAI, Hamas al-Iraq (HAI), JRTN, and Jaysh al-Rashidin (JAR). Additionally, there is some level of violence attributable to common criminal activities, personal grudges, or tribal rivalries. These acts of violence often have no specific motivation other than greed, interpersonal relationships, and general discontent with the current situation.

### *Al Qaeda in Iraq*

AQI remains active and operationally capable despite significant hardship in northern Iraq, including within Ninewa Province, which remains the group's logistical center. Improved security, the result of U.S. forces and ISF operations over the past several years, continues to degrade AQI's leadership and operational capabilities and reduce foreign





fighter movement into Iraq. However, AQI has remained viable by evolving into a more indigenous organization, increasingly recruiting Iraqis for funding and manpower. Increasingly, AQI has transitioned from an insurgent group to a narrow organization focusing on periodic spectacular terrorist attacks.

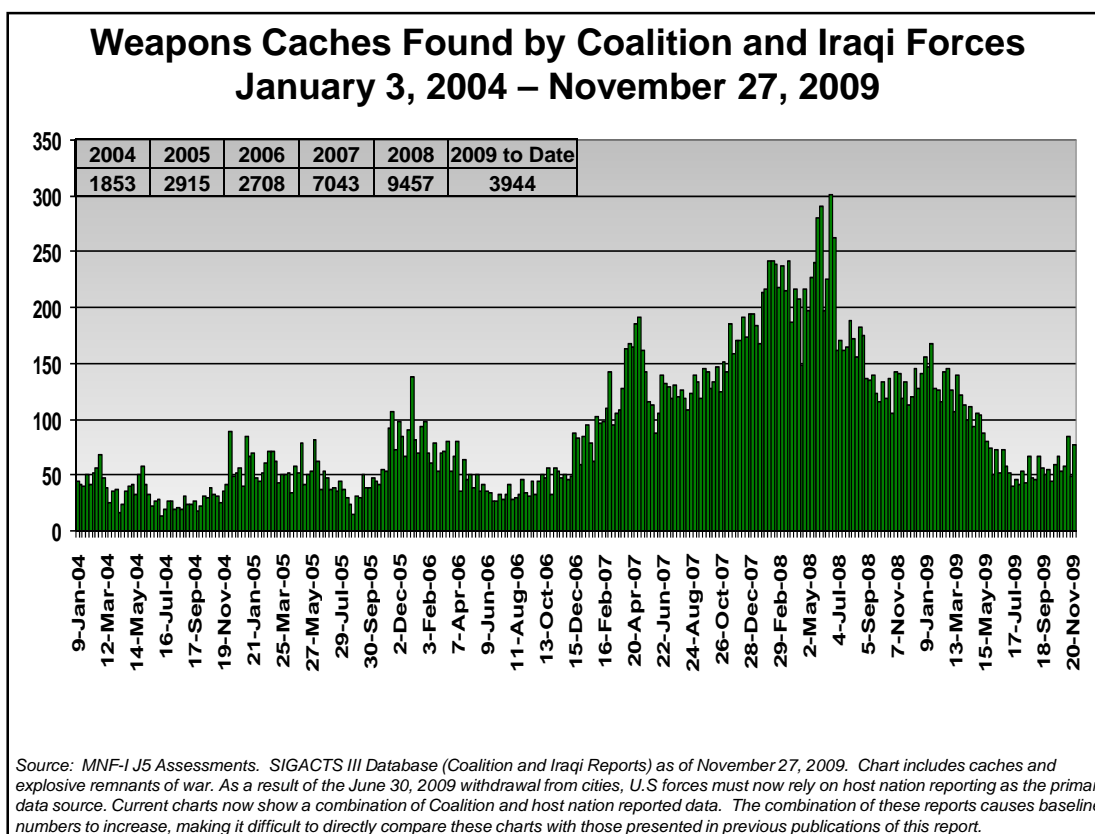
Despite significant leadership losses and a diminished presence in most population centers, AQI continues to conduct periodic, targeted HPAs, albeit at a reduced rate. The recent HPAs have had a significant impact altering the diplomatic landscape, at least in Iraq's relationship with Syria. Yet the attacks have only slightly impacted Iraq's political landscape. In the aftermath of the August 2009 bombings, the GoI appeared slow to respond and certain entities in the government called for the Minister of Interior's resignation; but the response to the October and December 2009 bombings has, thus far, been much more efficient and measured. AQI is increasingly focusing its rhetoric and its attacks against Iraqis, including the GoI, ISF, Shi'a civilians

and minority civilians, in an effort to discredit the GoI and incite sectarian violence as U.S. forces draw down. In upcoming months, AQI will almost certainly attempt additional HPAs to alter the political landscape in the lead up to the 2010 elections. They will also take advantage of detainee releases and the increased ISF responsibility for security in an effort to reassert its presence in some areas of Iraq. AQI remains a primary instigator for ethno-sectarian violence, and it will seek to capitalize on Sunni disenfranchisement and Arab-Kurd tensions.

### Security Assessments by Region

#### *Assessment of the Security Environment – Baghdad*

The August 19, 2009, bombings of the Ministries of Finance and Foreign Affairs, the October 25, 2009, bombings against the Baghdad Provincial Council and MoJ, and the December 8, 2009, bombings targeting government buildings in Baghdad demonstrated that AQI remains a viable and capable group. The Baghdad bombings and several smaller attacks throughout the district in the past several



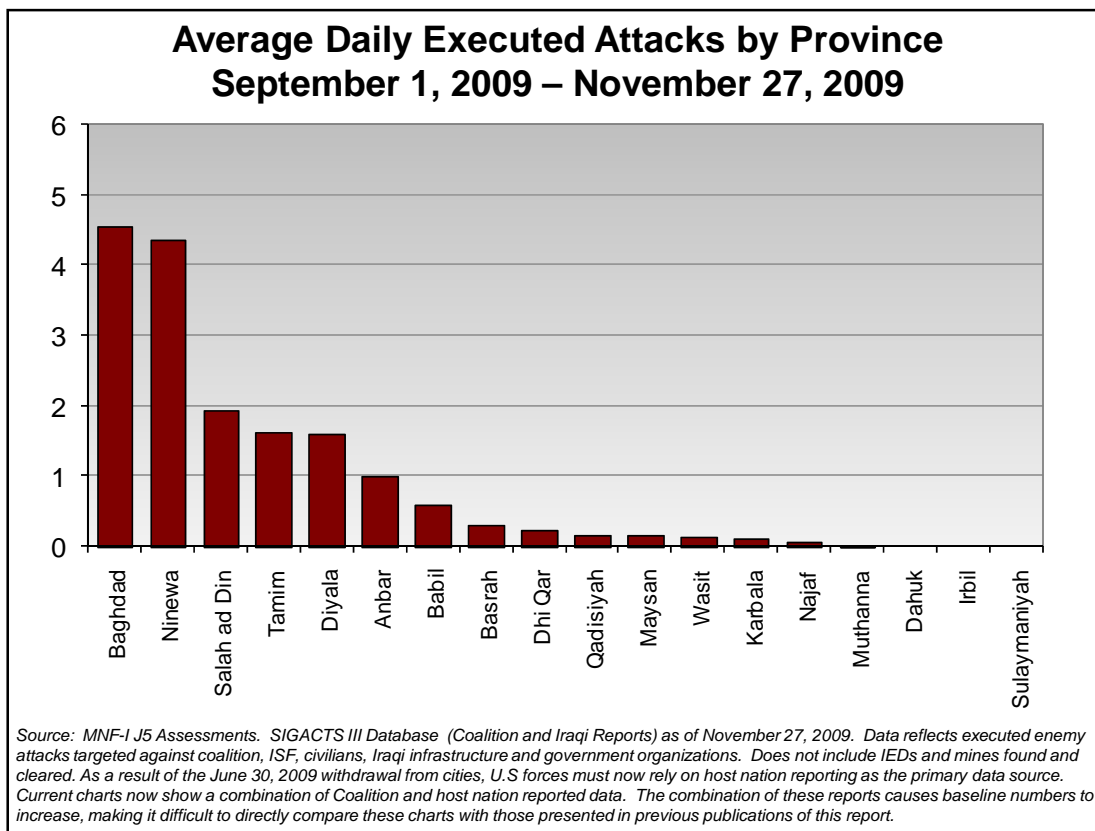
months demonstrate that AQI continues to pursue its campaign to undermine ISF in an effort to create uncertainty in the GoI's overall security capability and incite sectarian violence. AQI and Shi'a extremist elements remain responsible for most violent activity within the Baghdad Security Districts. Militant Shi'a groups, including the PDB and KH maintain active cells in Baghdad. AAH cells, although capable and present, as of late November 2009, have been adhering to the AAH cease-fire. The difficult operating environment has caused many leadership figures to stay in Iran, while encouraging subordinates to prepare for future operations in Baghdad, especially as U.S. forces transfer security operations to the ISF. Although AAH has agreed to a cease-fire, it and other groups have not renounced armed violence and continue attempts to re-establish networks despite arrests and disruptions. These and other militant groups continue low-level operations, indicating residual will and capability to operate in Baghdad. Overall, attacks by the PDB and KH, possibly aided by AAH members, occur intermittently

and mostly target U.S. forces in Baghdad in the form of EFP and IDF attacks.

Sunni resistance activity in Baghdad has steadily declined since early 2008, with more activity on the periphery than in central Baghdad. However, AQI maintains cells in and around Baghdad with the intent to remain relevant and undermine the GoI and with the residual capability to conduct HPAs. AQI's ability to operate is significantly constrained by GoI security initiatives. While AQI's presence has declined inside the capital, the group seeks to re-establish itself in Baghdad and the surrounding areas and maintains the ability and desire to carry out periodic HPAs designed to cause high levels of casualties.

#### *Assessment of the Security Environment – Western Iraq*

As noted last reporting period, attacks in Anbar Province remain constant at approximately one per day. Many elements of the Sunni insurgency appear to have transitioned to either political activity or participation in the SoI, or



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to have otherwise ceased attacks. U.S., ISF, and tribal initiatives continue to make significant progress in western Iraq against the capabilities and operations of AQI. AQI has lost the support of the Anbar population, who now demonstrate trust and confidence in the local ISF. Additionally, discoveries of caches and key AQI member arrests have made it difficult for AQI to carry out large-scale operations or regain a foothold in the area. However, AQI continues to maintain a presence in the province, particularly as the leadership views Anbar as a significant and symbolic element of their hold in Iraq. AQI in the West continues infrequent attacks in an effort to discredit the ISF and the political process. The group seeks to re-establish itself and maintains the ability and desire to carry out periodic HPAs as seen with their limited resurgence and increase in HPAs in Anbar in July, August, and September 2009.

#### *Assessment of the Security Environment – Northern Iraq / Central Iraq*

Violence in northern and central Iraq continues to be a challenge, particularly in Ninewa, where AQI remains focused on strengthening its urban foothold and is actively targeting Iraqi and U.S. forces. Consistent with past tactics, techniques, and procedures, AQI continues to employ VBIEDs and suicide attacks to incite political and security-force tensions, as seen with attacks against ethnic minority civilians in the outlying areas of Ninewa Province.

Despite being heavily degraded by U.S. and ISF targeting in the past year, AQI remains capable of conducting HPAs, albeit not as frequently. AQI financial difficulties in Ninewa, caused mostly by the degradation of corporate extortion, have led to the targeting of wealthy civilians and small businesses as alternate sources of extortion income. Along with kidnappings for ransom, these decentralized finance methods may give an impression of degraded security to the populace. Both Sunni insurgents and AQI continue their campaign to intimidate the ISF, local government leadership, and civilians throughout the region

with the goal of election disruption in the upcoming months. All Sunni armed groups have propaganda campaigns designed to give the impression of strength to their members and future recruits.

The lack of an agreed mechanism for sharing authority and resources in northern Iraq among Kurds, Arabs, and other groups, including Turkomen, Christians, and Yezidis, continues to exacerbate tensions. AQI and other Sunni insurgent groups seek to exploit this tension. The presence of Peshmerga and Kurdish security forces outside the KRG boundaries further exacerbates tensions. U.S. force presence in the disputed areas continues to play a key moderating role between Peshmerga and GoI forces. MNF-I staff met in Baghdad on August 16, 2009, with GoI and KRG leadership to lay preliminary groundwork for an interim security architecture along the fault line in the disputed areas. The GoI Ministers of Defense and Interior, and the KRG Minister of Interior and Minister of Peshmerga Affairs took part in these preliminary discussions. The group agreed on the primacy of protecting the Iraqi people. A subcommittee was established with representatives from the GoI, the KRG and U.S. forces to provide a recommendation on the security architecture inside the disputed areas, including intelligence sharing, coordination measures, command and control, and other appropriate security measures. In November 2009, PM Maliki and KRG President Barzani gave their final approval for a joint security architecture. The Minister of Defense and the Minister of Peshmerga Affairs will issue orders to establish combined coordination centers and joint checkpoints in place prior to national elections. U.S. forces will advise and supervise, complying with all measures of the SA. This initiative will not affect the responsible drawdown of U.S. forces from Iraq.

Attacks in Ninewa have increased slightly since the last reporting period but still remain below pre-November 2008 levels—a good indicator that AQI remains under pressure in a key historical stronghold. Sunni insurgents throughout

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north and central Iraq remain less active due to Sunni involvement in provincial politics and positive effects from local SoI programs, though the groups will likely continue to stage periodic HPAs, particularly against GoI targets.

#### *Assessment of the Security Environment – Eastern Iraq (Diyala)*

ISF continue to focus on targeting AQI and Sunni insurgents in Diyala. GoI-led operations in Diyala continue to pressure AQI, forcing them into the sparsely populated areas within the Hamrin Mountains, where they still maintain freedom of movement and conduct sporadic attacks in populated regions along perceived ethno-sectarian fault lines. AQI and Sunni insurgents continue to exploit their perception of the province's ethno-sectarian tensions, an uneducated populace, and rural areas lacking basic necessities for development and agriculture. Although ISF continue to make progress toward the GoI objective of improving security in the province by eliminating insurgent support and setting the conditions for economic recovery and the return of displaced citizens, the perception of disproportionate targeting of Sunnis has strained sectarian relations, allowing Shi'a extremists and criminal elements much greater freedom of movement.

GoI-led operations in late July through October 2008 intended to defeat militias and extremists and facilitate the return of displaced persons also had the effect of increasing ethnic and sectarian tensions in Diyala. Sunni leaders in the province perceived these operations as an attempt to limit their political development before provincial elections and still complain about intimidation from GoI Sunni politicians in Diyala. Fortunately, Sunnis in general remain engaged with the GoI and appear to have claimed a representative voice on the Diyala Provincial Council following elections. In a clear sign of progress with Kurdish interlocutors in the area, Operation Glad Tidings of Benevolence II (conducted from May through July 2009) included extensive coordination between IA and Peshmerga forces and featured

joint patrols. This level of cooperation, facilitated by U.S. forces, serves as an example of success throughout the disputed territories.

#### *Assessment of the Security Environment – Southern Iraq*

Reporting from the southern provinces remains positive, and the population supports the GoI's security initiatives, preferring relative normalcy to lawlessness and violence. Shi'a militant groups remain the primary threat to southern Iraq. KH has experienced difficulties in maintaining its networks and conducting operations in southern Iraq, while the tentatively reconciling AAH must keep members from leaving for the *Mumahiddun* or PDB. The ISF control and positive presence in the Shi'a South help ensure violence remains under control. Despite the improving security environment, Shi'a militant groups seek to rebuild their damaged networks and demonstrate their capabilities through low-level residual violence, which will continue to change based on the AAH reconciliation process and the reposturing of U.S. forces. Improved rocket-assisted munitions (IRAM) attacks on U.S. bases in June and September 2009 demonstrate the Shi'a militants' capabilities and willingness to attack U.S. forces. The Al Basrah (ABOT) and Khor Al Amaya (KAAOT) Oil Terminal offshore oil platforms and their associated pipelines from the southern oil fields are the economic center of gravity for the GoI. The primary threat to the oil infrastructure is the Iranian Republican Guard Corps Navy (IRGCN) operating from Shahid Owlad. Iraqi, UK Royal, and U.S. Navy operations in Iraq territorial waters and on the platforms deter aggression by the IRGCN near the platforms and in the disputed waters adjacent to the Shatt Al Arab.

#### *Assessment of the Security Environment – Kurdistan Regional Government Area*

The KRG remains the safest and most stable region of Iraq, although isolated acts of terrorism occasionally occur. The relatively homogenous Kurdish population and the presence of the KSF mitigate the threat of AQI or other terrorist attacks in the North and reduce

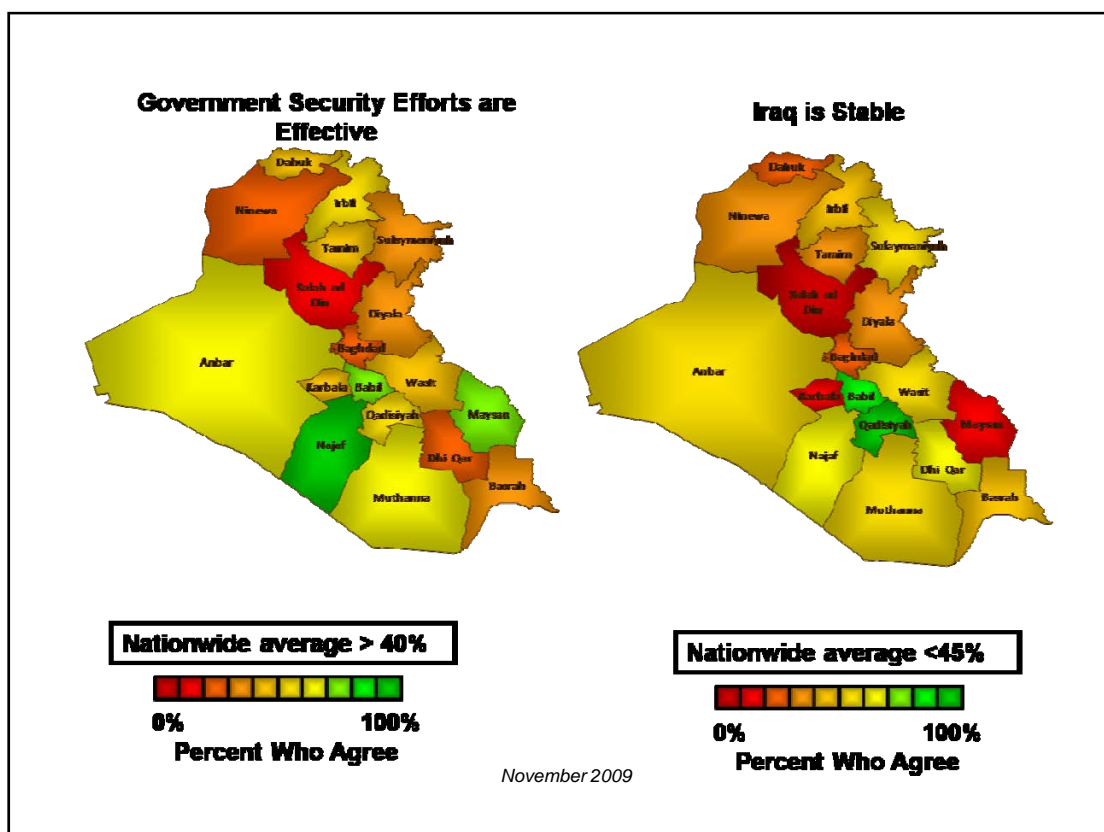
ethnic tensions that plague other cities in Iraq. Turkish and Iranian operations against Kurdish terrorist groups along their borders with the KRG have not led to significant numbers of refugees, collateral damage, or political fallout, but they remain potential flashpoints in the GoI's efforts to improve bilateral relations. The results of provincial elections in January 2009 reduced Kurdish influence in the disputed areas, including Ninewa, Salah ad Din, and Diyala. In particular, the transfer of power from the Kurds to the mostly-Sunni al-Hadba Gathering in Ninewa has been destabilizing. Al-Hadba has called for the removal of Peshmerga and Kurdish Assayish security forces from the province, which has increased tensions in the area. However, ongoing efforts to establish a joint security architecture in the disputed territories appear to have reduced the potential for inadvertent clashes between IA and Peshmerga forces.

In many disputed areas adjacent to the KRG—Ninewa, Tamim, and to a lesser extent, Diyala—tensions remained high between the

Peshmerga and the ISF. Many of these areas are ethnically mixed and resource-rich, and both the KRG and GoI are attempting to assert security primacy in the absence of a clear political arrangement. Currently, it appears unlikely the IA or Peshmerga will intentionally instigate a military confrontation, preferring to negotiate acceptable results. However, as U.S. forces depart and the profile of ISF units, such as the 12<sup>th</sup> IA division in Tamim, rises, opportunities for miscalculation or provocation may rise. Arab-Kurd tensions are multifaceted and will remain accentuated by intractable positions surrounding Kurdish autonomy, hydrocarbons, DIBs, and Arab efforts to curb Kurdish influence outside of the established Kurdish region.

### Public Perceptions of Security

Research conducted in November 2009 reveals that over 70% of Iraqis described their local area as calm. Iraqis generally believe the security situation is better locally than nationally.<sup>13</sup> About 55% believe their province is calm and over 25% of Iraqis say Iraq is calm.<sup>14</sup> Provincial and national views about security



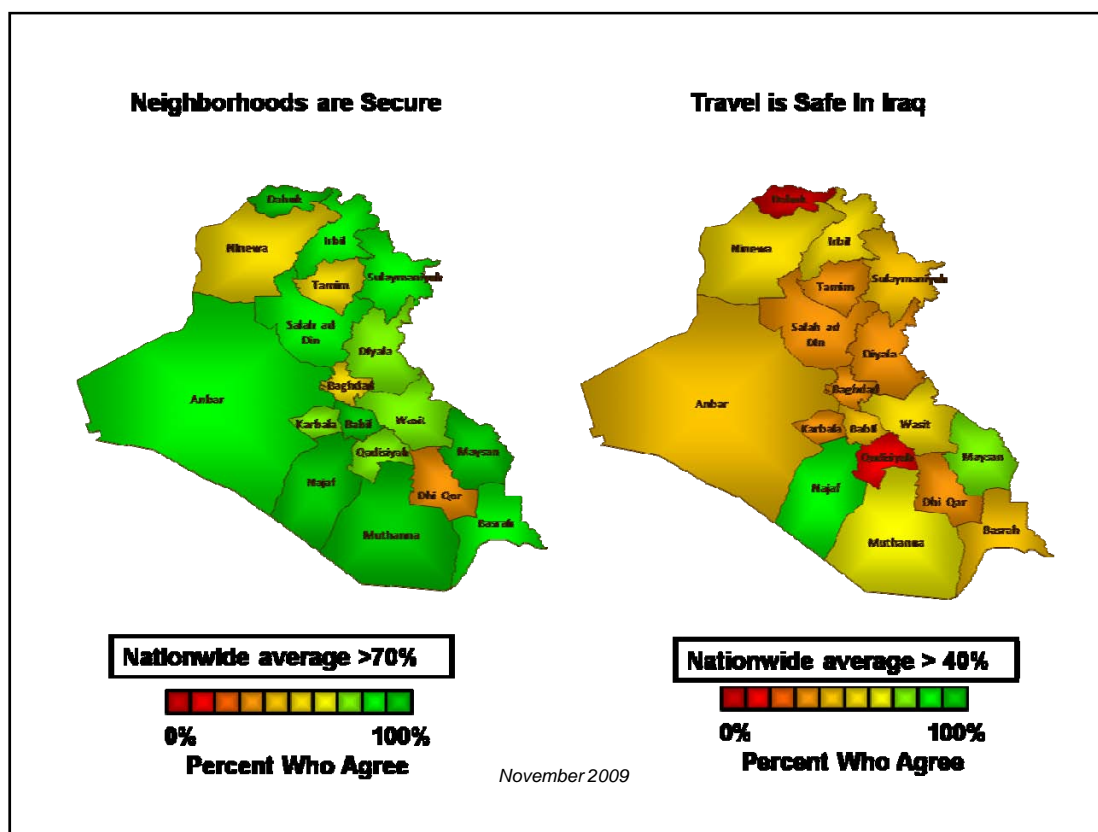


have dropped over three percentage points since August 2009. Almost 90% of Iraqis feel that the security situation has remained constant or improved in their neighborhood over the last six months.<sup>15</sup> Over 75% feel the security situation in the country has either stayed the same or improved.<sup>16</sup> This is almost a ten percentage point drop from August 2009. November 2009 nationwide research indicates that over 40% of Iraqis feel safe traveling outside of their local area.<sup>17</sup> This is a marginal decrease when compared to the last report. Although many Iraqis felt safe traveling, over 65% reported that their movements were sometimes restricted.<sup>18</sup>

Over 70% of Iraqis said they feel more secure when they see the IA in their local area, and almost 70% said they feel more secure when they see IP in their neighborhoods,<sup>19</sup> yielding no change in trust in the IA and a marginal increase for the IP since August 2009. Nationwide sentiment about the IA and the IP are less than five percentage points apart from each other with the IA being held in higher regard.

As of November 2009, almost 50% of Iraqis said the GoI was effective at maintaining security; this represents no change from the August 2009 data.<sup>20</sup> Less than 45% of Iraqis said Iraq was stable, which is approximately a ten-point decrease since August 2009.<sup>21</sup> Over 60% of Iraqis believe that the IA is defeating terrorists. Additionally, over 55% of Iraqis believe the IP is controlling crime.<sup>22</sup>

When asked who they would go to first to report a serious crime, almost 50% of Iraqis said the IP, while more than 25% stated the IA.<sup>23</sup> Over 45% of Iraqis feel that the IP is most responsible for providing security in their local area while approximately 35% said the IA.<sup>24</sup> Relatively few Iraqis said the SoI (<5%), people from their tribe (<5%), neighbors (<5%), militias, religious leaders, or U.S. forces were most responsible for providing security.<sup>25</sup> As of November 2009, Iraqis had the highest confidence in the IA for protecting them and their families from threats (almost 85%).<sup>26</sup> When asked about other groups, approximately 80% of Iraqis had confidence in the IP, over





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65% had confidence in their provincial government, over 60% had confidence in their local government, and more than 70% had confidence in the national government.<sup>27</sup> Confidence in U.S. forces was much lower at about 25%.<sup>28</sup> In a continuation of trends from November 2007, Iraqis place their highest trust and confidence in the IA, the IP, and the GoI to protect them and provide security.

### **Conclusion**

Security in Iraq continues to improve but remains tenuous. Trends across the country are positive though not dramatically changed since the last reporting period. Iraq remains susceptible to a sustained campaign of HPAs from

groups seeking to destabilize the government and enflame ethno-sectarian tensions. There has been steady growth in the capacity, capability, and professionalism of the ISF, and they are leading operations, though they continue to rely on U.S. forces for supporting enablers. As U.S. forces repositioned on June 30, 2009, the ISF assumed security responsibilities. Despite lapses such as those that led to the August 19, October 25, and December 8, 2009, attacks in Baghdad, the ISF have demonstrated their ability to provide security for the Iraqi people. Nonetheless, U.S. forces remain engaged in partnering, enabling, advising, training, and mentoring of the ISF.

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## 1.4 Transferring Security Responsibility and Responsible Drawdown of Forces

On January 1, 2009, United Nations Security Council Resolution (UNSCR) 1790 expired, and the SA between the United States and Iraq entered into force. Under its provisions, the GoI has assumed security responsibility for all 18 provinces, supported by U.S. forces. The focus of U.S. forces is shifting to mentoring and advising the ISF and away from taking a directive role in security operations.

### *Strategic Framework Agreement and Security Agreement*

The U.S. Government and GoI continue to actively implement the SFA. The SFA continues to serve as the mechanism to address the long-term strategic relationship between the United States and the GoI. With further SFA implementation efforts on-going, the U.S.-Iraqi relationship with respect to economic, diplomatic, cultural, and security ties should improve with the SFA serving as the foundation for a long-term cooperative relationship between the two nations. The majority of Iraqi political leaders realize the value in a long-term strategic relationship with the United States as articulated in the SFA. The SFA Higher Coordinating Committee—chaired by PM Maliki and Secretary of State Clinton—convened during PM Maliki's July 2009 visit to Washington, DC, to monitor overall SFA implementation, highlight key achievements, and provide guidance for future efforts.

The SA governs the presence of, and ensures vital protections for, U.S. forces in Iraq. It also provides the operational authorities for U.S. forces to sustain positive security trends in Iraq as their focus shifts toward mentoring and advising the ISF. The implementation of the SA continues with no major problems reported at this time. Joint Sub-Committees meet as necessary to resolve issues and establish procedures to handle new issues. The Iraqis are taking a greater role in many issues with discussions focusing more on resolving issues within the Iraqi government than with U.S. forces.

### *Joint Iraqi – U.S. Committees*

U.S. and Iraqi officials continue active discussions within implementation working groups that report to the four SFA Joint Coordination Committees (JCCs), which were established earlier this year. These JCCs specifically address economic and energy cooperation, cultural, educational, and scientific cooperation, services and information technology cooperation, and law enforcement and judicial cooperation. Many of the 23 implementation working groups, which include four new groups under the Law Enforcement and Judicial Cooperation JCC work with the Ministry of Human Rights, Ministry of State for National Security Affairs, Ministry of Labor and Social Affairs, and Ministry of State for Parliamentary Affairs. The groups have developed or are developing work plans, including objectives and timelines, to guide their discussions and focus their cooperative efforts. Notably, on the margins of the October 2009 Business and Investment Conference, PM Maliki and Secretary Clinton announced the creation of a fifth JCC to address political and diplomatic cooperation. Notwithstanding some initial organizational issues and limited difficulties in identifying effective Iraqi interlocutors in some areas, the SFA is off to a relatively strong start, and each JCC remains focused on achieving deliverables that advance the bilateral relationship.

The 12 SA Joint Sub-Committees (JSCs) are making good progress and have been able to solve issues at their level, not requiring the meeting of the higher level committees. Therefore, there were no meetings of the Joint Committee (JC) or the Joint Military Operations Coordination Committee (JMOCC) this quarter. The process for implementation of the SA is based on the bilateral agreement and the agreed minutes from committee meetings. Committees are working to complete and sign all agreed minutes prior to the Iraqi election leaving a written record of all U.S. and GoI agreements.

Significant progress has been made in the JMOCC JSCs. The Green Zone Security JSC continues to place more responsibility on Iraqi Forces and is working on the transfer of both International Zone access badge operations and entry control point equipment to Iraqi Security Forces. Processes developed by the Military Operations, Training and Logistical Support JSC allow close military operation coordination. The Vehicle, Vessel, and Aircraft Movement JSC and the Provincial Stability Assessment JSC handle much of their work at the working group level and are making solid progress.

The JSCs of the Joint Committee are also making progress, but several technical issues require greater timelines to complete their work. The Detainee Affairs JSC continues to meet regularly and the turnover of detainees to Iraqi custody is working efficiently with close cooperation. The Agreed Facilities and Areas JSC remains busy, and the turnover of facilities to a single point Iraqi receivership cell is on schedule. The Entry, Exit JSC is working to establish an immigration facility on Sather Air Base to handle inbound and outbound personnel as established in the SA. Imports/Exports, Mail JSC is working to establish the Levy Exemption Waiver as the standard paperwork for all imports for U.S. forces, and re-exports are moving out of Iraq unimpeded. The Frequency Management JSC continues its work of allocating frequencies for U.S. and Iraqi use. The Surveillance and Airspace Control JSC continues to work a multitude of issues. Con-

tracting difficulties have delayed the hiring and training of Air Traffic Controllers and acquiring and maintaining equipment required to control Iraqi airspace. The Claims JSC meets only to handle issues outside of the established U.S. claims process. The Jurisdiction JSC has not had any issues requiring it to meet.

### Drawdown of U.S. Forces

The President's responsible drawdown plan for U.S. combat brigades to reposition from Iraqi cities and localities by June 30, 2009, change their mission from combat to stability operations by August 31, 2010, and to withdraw from Iraq completely by December 31, 2011, comports with U.S. obligations under the SA. The first milestone of the plan was the repositioning of U.S. combat brigades on June 30, 2009. The transitional force that will be in place by August 31, 2010, will execute a more limited mission set that includes training and assisting the ISF, providing force protection for U.S. military and civilian personnel and facilities, conducting targeted counter-terrorism operations, and supporting civilian agencies and international organizations in their capacity-building effort. The SA requires remaining U.S. forces to withdraw from Iraq by December 31, 2011.

### Military Installations

Under the SA, the Joint Subcommittee for Agreed Facilities and Areas (JSCAFA) manages base closure and return so that properties returned to the GoI are used in the best interest of the Iraqi people and are safe-

Type Base	Active (as of November 30, 2009)	Occupied by 100 or more U.S. military personnel (as of November 30)	Returned		
			September 2009	October 2009	November 2009
COB	8	8	-	-	-
COS	36	36	1	1	-
COL	92	-	6	6	-
Other	144	1	1	3	1
<b>TOTAL</b>	<b>280</b>	<b>45</b>	<b>8</b>	<b>10</b>	<b>1</b>

guarded from looting or occupation by undesirable elements. PM Maliki has directed that all decisions regarding the disposition of Agreed Facilities and Areas will be made through the PM's office using the recently-established Receivership Secretariat. The Secretariat is the single point for coordinating base returns and closures, and its establishment has greatly facilitated execution of the U.S. base closure plan.

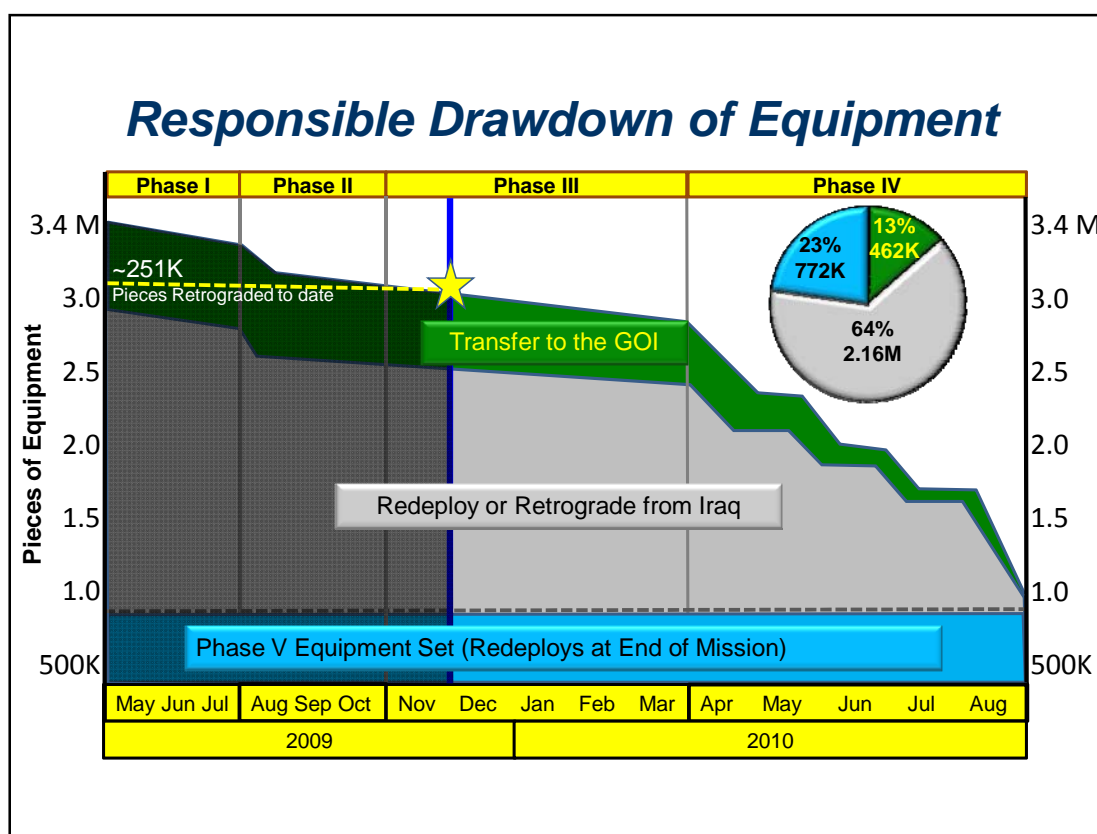
This year, 164 bases or facilities have been closed or returned. From September to November 2009, 19 bases have closed and 280 active bases remain in Iraq. The preceding table contains details on the number of Coalition bases recently closed or returned and those currently active. Bases are differentiated by type as Contingency Operating Bases (COB), Contingency Operating Sites (COS), Contingency Operating Locations (COL), and other facilities.

### *Equipment in Theater*

The United States intends to reduce the total

amount of equipment in Iraq from the current 2.66 million pieces, as of November 30, 2009, to a transition force set of six Advisory and Assistance Brigades (AAB) and associated enablers. As of November 2, 2009, the total amount of demilitarized Class V (munitions) materiel is 1,106 short tons and 7,776 short tons of munitions remaining in Iraq.

From May 1, 2009 to November 1, 2009, U.S. forces retrograded 51,150 pieces of Contractor Managed Government Owned (CMGO) equipment, 32,393 pieces of Theater Provided Equipment (TPE) and 151,942 pieces of organizational equipment for a total of 235,485 pieces from Iraq. As of November 1, 2009, there was \$29.6 million worth of excess, non-standard, COTS white material transferred to the GoI. As of November 1, 2009, 49,590 short tons of scrap have been turned into the Defense Reutilization and Marketing Office (DRMO). The U.S. Marine Corps has retrograded over 351,547 pieces of equipment since Transfer of Authority on February 9, 2009 accounting for over 94% of Multi-National Force-West. They



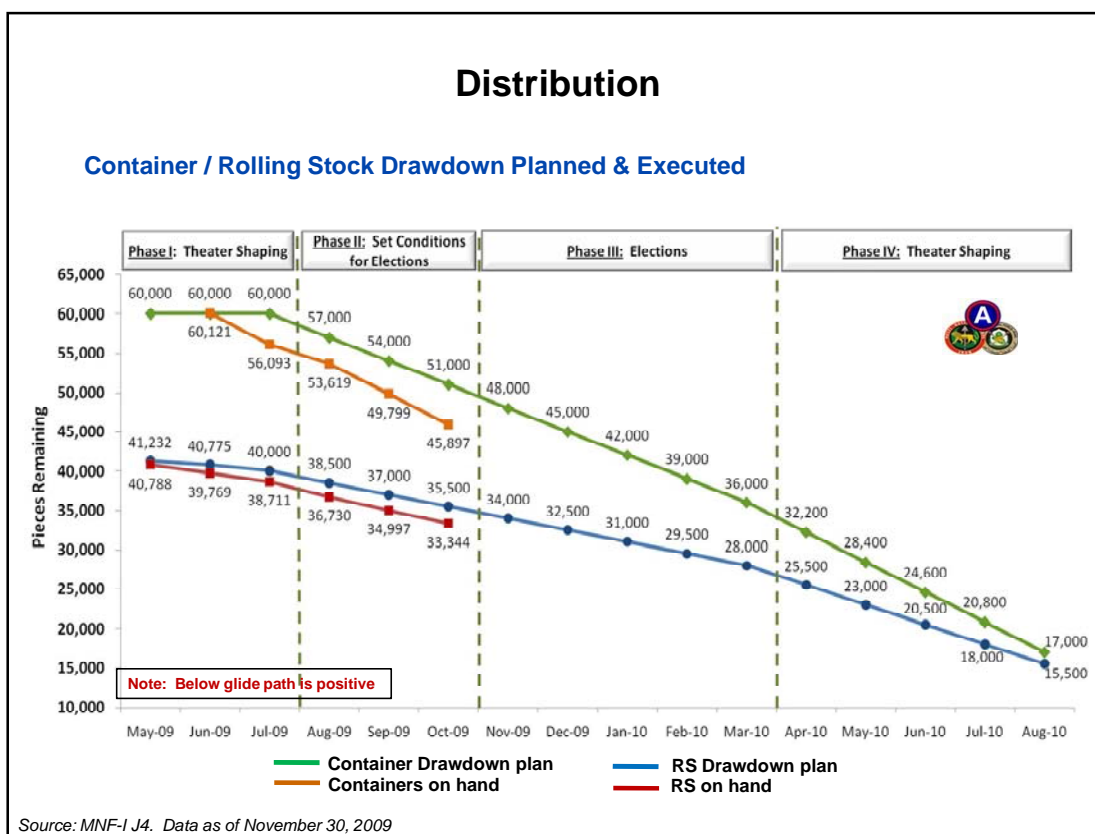
have retrograded more than 59,260 pieces of motor transport rolling stock, engineering principal end items, and pieces of ordnance equipment and have also returned 50% of their issued theater-provided equipment. As of November 1, 2009, 27,939 short tons of materiel and 2,855 personnel in 41 units were redirected from Operation Iraqi Freedom (OIF) to Operation Enduring Freedom (OEF). Marine equipment transferred from OIF to OEF includes more than 580 pieces of rolling stock, more 360 weapons and ordnance items, 21 helicopters, and two aircraft.

The transportation infrastructure and movement capabilities currently in theater are assessed to be sufficient to remove all equipment items belonging to the DoD. The successful removal, demilitarization, or transfer by the end of December 2011 of all items belonging to DoD is contingent upon the timely receipt of disposition instructions, expanded disposition authorities, and delegation of the authority to MNF-I to declare equipment as excess. On October 9, 2009, MNF-I received expanded authorities

from Deputy Under Secretary Defense Logistics and Materiel Readiness increasing the dollar limit for property that has been declared excess and may be transferred to the GoI from \$15 million to \$30 million per base. Tiered authority was increased up to \$1 million per line item for excess property that can be transferred to GoI without a base. There is no dollar limit restriction on transfer barrier materiel. MNF-I has approval to apply depreciated value instead of acquisition value to equipment being transferred. This transfer authority is only for property not requiring Trade Security Controls.

### *Number of Contractors and U.S. Forces*

Contractors have been an important complement of the effort in Iraq to provide supplies and services that are not maintained in sufficient quantities in the DoD or can be more efficiently procured from commercial firms. Contractors support most operations that DoD members are conducting and also provide life support. From high-profile force protection (security) to operations support to vehicle



maintenance to providing basic sustainment needs for deployed warfighters, contractors are a key component of the force. Notably, approximately 60% of the contractors provide life support functions, which are the equivalent of all public works (water, electricity, food, sanitation, sewer, laundry) for several small and medium sized cities spread over 284 U.S. bases across Iraq. The Logistics Civilian Augmentation Program (LOGCAP), which provides life support for approximately two-thirds of the force, operates 60 different dining facilities, 30 ice plants, and 44 solid and medical waste incinerators. LOGCAP provides more than 650,000 meals per day, sleeping arrangements for more than 200,000 people, more than one million bundles of laundry per month, and all other necessary support for U.S. forces and many State Department, federal aid, and investigative agency personnel to enable them to focus more effectively on their missions. Construction and operations support, including fuel deliveries, aircraft maintenance, and training, compose the other key components of the contractor workforce.

Throughout drawdown planning and execution, MNF-I is strongly emphasizing limiting contractors in all areas, transitioning from hiring non-Iraqi contractors to hiring Iraqi contractors, and reducing costs in every way possible. Further, MNF-I is pursuing greater use of competitive, firm-fixed price contracts in line

with the President's intent. Some categories of contractors, including materiel handling teams, engineers, and transportation specialists, may increase for a temporary period while executing the responsible drawdown of U.S. forces by August 31, 2010. Accordingly, MNF-I has established a senior officer board to review new and recurring requirements to remain lean both during the drawdown and with the transition force that remains.

As of the end of October 2009, there were approximately 110,455 contractors working in Iraq. This workforce will be reduced during the responsible drawdown over the next nine months. The table displays the results of the October 2009 contractor census as well as the contractor drawdown goal by month directed by the MNF-I Commanding General prior to the initiation of the responsible drawdown.

As MNF-I continues to reduce the size of the force in Iraq, the size of the contracting force will be reduced commensurately. Currently there is an approximate 0.93 to 1 ratio of contractors to DoD personnel. The ratio is expected to increase over the next year to 1.1 to 1 by September 2010 as DoD personnel leave the theater.

U.S. forces continued to drawdown during the reporting period from approximately 121,000 personnel at the end of September 2009 to

October 2009 Contractor Census				
MONTH	TOTAL	US	TCN	LN
Sep-09	113,731	29,944	53,780	30,007
Oct-09	110,455	28,330	53,166	28,959
DELTA	-3,276	-1,614	-614	-1,048
% of TOTAL		25.6%	48.1%	26.2%

Contractor Drawdown Goals						
9/1/2009	10/1/2009	11/1/2009	12/1/2009	1/1/2010	2/1/2010	3/1/2010
130,178	128,009	125,875	123,777	121,714	119,686	117,691

4/1/2010	5/1/2010	6/1/2010	7/1/2010	8/1/2010	9/1/2010
114,749	110,924	101,029	87,895	73,334	55,000



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approximately 116,000 personnel at the end of November 2009. Personnel strength is projected to be at approximately 107,000 by the end of February 2010.<sup>29</sup>

### *Regional Agreements for U.S. Movement*

On April 22, 2009, U.S. Central Command (USCENTCOM) and Jordan's Armed Forces signed a technical arrangement (TA) establishing support for the redeployment of designated MNF-I equipment and cargo from Iraq to the Port of Aqaba in Jordan. The TA enables MNF-I access to the commercial, container, and military port facilities at Aqaba. Current utilization is approximately 11% of capacity. This port has seen increased utilization over the past several months and current redeployment of 142 below line units, and four brigade combat teams are planned and moving through Aqaba over the next three months. Current capacity for the Port of Aqaba includes an upper limit of 1,000 containers per month and 1,250 pieces of rolling stock per month. Additionally, there are restrictions on transport of track vehicles or ammunition unless approved by Army Central Command (ARCENT) in coordination with MNF-I, MNC-I, and the Surface Deployment and Distribution Command (SDDC).

USCENTCOM is conducting an initiative to expand redeployment and retrograde movement capacity options through Turkey. This includes re-validating agreements for access to Turkish facilities and expanding a new agreement to December 31, 2010. Current agreements expire December 31, 2009. Transit through Harbur Gate is used only for small-scale sustainment distribution. The Turkish route currently cannot be used for military convoys, ammunition shipments, or lethal equipment. USCENTCOM has not identified a specific requirement to use Turkish sea ports in order to execute a responsible drawdown from Iraq; however, the extension through December 2010 will give commanders another option if necessary. Additionally, MNF-I is working with SDDC and U.S. forces – Afghanistan (USFOR-A) to test and establish a link from Iraq to Afghanistan utilizing the Northern Distribution Network (NDN) to expand

alternative delivery routes for equipment in support of OEF. This proof of principle is expected to occur in December 2009.

The September 1991 agreement between the U.S. Government and the Kuwaiti Government concerning defense cooperation, use of facilities, logistical support, prepositioning of defense materials, and the status of the U.S. forces in Kuwait remains the basis for cooperation. Kuwait remains the primary port for support of U.S. forces redeployment. The agreement specifies that the United States may import into Kuwait any equipment, supplies, materiel, or services required by the forces for their operations or prepositioning in the state of Kuwait.

Land movement throughout Iraq is only restricted by the movement times and requirement of security escorts to the Iraq port of Umm Qasr. Seaport movement (Umm Qasr) is restricted by the depth and size of the port, large military vessels such as the LMSR and FSS currently cannot navigate the port or waterways of Iraq. Track vehicles are not supported by the port and movement of sensitive items through the port has been limited by USCENTCOM. Port throughput capability is planned at one brigade equivalent per month (2,250 pieces: 1,000 containers and 1,250 pieces of rolling stock). Current utilization of Umm Qasr port for retrograde/redeployment for the responsible drawdown is currently under 5% of capacity.

### *Status of the Coalition and the NATO Training Mission-Iraq (NTM-I)*

Coalition partners concluded their missions and departed Iraq in July 2009. The CoM approved a MOU with the UK on November 9, 2009, allowing for up to 100 Royal Navy personnel to return to Iraq to assist in training the Iraqi Navy. NTM-I continues its mission in Iraq with 13 nations assisting in the training of the ISF.

### *Release of Detainees*

#### *Detainee Categories and Demographics*

As of November 22, 2009, 6,774 detainees were in U.S. custody, of which 366 (5%) are low-threat, 4,213 (62%) are medium-threat, 2,171 (32%) are

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high-threat detainees and 24 (1%) new captures were unvetted. Detainee threat categories are based upon definitions determined by the Office of the Secretary of Defense. Approximately 2,808 (41%) of all detainees are currently within the Iraqi legal process. A demographic breakdown of the detainee population reveals that 77.5% are Sunni, 22.2% are Shi'a, and 0.3% are other. There are four foreign detainees from the following countries: Saudi Arabia (1), Lebanon (1), Tunisia (1), and Morocco (1). MNF-I continues to work cooperatively with the GoI to obtain arrest warrants, focusing on the high-threat detainee population. Consistent with our obligations under the Geneva Conventions and the SA, U.S. forces work closely with the GoI to release those detainees that cannot be transferred to the GoI. Since January 1, 2009, there have been 218 new captures, 17 of which were previously held in U.S. custody. Of the 17 previously held, seven were captured carrying out or planning attacks against U.S. forces. MNF-I continues to identify and assess numbers of released detainees who were either recaptured or had positive identification of remains indicating they were previously held in U.S. custody.

### *Releases and Transfers*

U.S. forces provide detainee release lists to the Detainee Affairs Joint Sub-committee (JSC) via the GoI Security Committee at least 60 days before releases are scheduled. These releases, in conjunction with the limited transfers to GoI custody, will result in a decrease in the detention population of approximately 500 detainees per month over the next several months. U.S. forces have worked closely with the GoI through the Detainee Affairs JSC and the Iraqi Detainee Review Committee (IDRC) to increase the production of warrants. These efforts, along with key leader engagement at all levels, are designed to increase the number of detainees with warrants for eventual turnover to GoI officials while strengthening Iraqi judicial credibility and transparency. Currently only a limited number of transfers to the GoI are being conducted in anticipation of turning over transfer eligible detainees with the Taji facility to the GoI in early 2010. By the end of 2009, all low-threat and roughly half of all

medium-threat detainees in U.S. custody should be released.

### *Release Operations*

The Security Committee routinely reviews the U.S. forces detainee list and identifies detainees who are wanted for criminal conduct by the GoI. The United States then removes those detainees from the release list. As of November 2009, the GoI, via the JSC, reviewed 14,712 detainee summary cases and provided warrants for 2,135 of them. U.S. forces have released approximately 7,234 detainees since January 2009 and transferred another 1,389 to the GoI.

### *Risk Levels*

The timing and pace for the responsible drawdown of U.S. forces is a deliberate process with flexible decision points built in. MNF-I will identify and mitigate risks associated with the reduction of military capabilities by increasing or decreasing the pace of reduction as necessary. U.S. forces must be postured to provide support, as requested by the GoI, to ensure a safe and secure environment during the upcoming election period as well as, during the seating of the newly-elected government. Each movement or reduction in U.S. forces throughout Iraq is a separate, carefully considered planning effort that takes into account the most current assessment of not only the security situation, but also other factors, such as the development of local and municipal governments, infrastructure development, and the capabilities of the ISF.

Nationwide trends continue to be carefully tracked and analyzed in close cooperation with the ISF. These trends are early warning indicators of potential trouble spots to which U.S. forces must be prepared to support Iraqi forces upon request. These assessments are conducted based on daily reporting and analysis and are summarized weekly and monthly for MNF-I and Iraqi leadership. Multiple quarterly assessments are also completed. All of these assessments together inform command decisions about the drawdown of U.S. forces.

## Section 2—Iraqi Security Forces Training and Performance

The Iraqi Security Forces (ISF) are striving to provide internal security and build a minimum foundation for external security by the time U.S. forces withdraw at the end of December, 2011. Currently, the ISF are functioning as a counterinsurgency (COIN) force. The goal is to help the ISF achieve a minimum essential capability to defend Iraq's sovereignty on land, at sea, and in the air. Although facing significant challenges, the ISF continues to improve its capabilities through increased training and equipping. As of November 30, 2009, there were approximately 664,000 personnel in the Ministry of Defense (MoD), Ministry of Interior (MoI), and the Iraqi National Counter-Terrorism Force (INCTF).<sup>30</sup>

The MoD is currently structured for COIN operations and includes the Iraqi Army (IA), Navy (IqN), and Air Force (IqAF). The Army has fourteen divisions—thirteen infantry and one partially mechanized—and support forces. As the Army continues to evolve, the focus has shifted from force generation to the development of logistics and combat support units that provide engineering, bomb disposal, medical evacuation, signal, and intelligence, surveillance, and reconnaissance (ISR) capabilities. For the Navy, the goal for 2011 is the capability to provide maritime security of territorial waters and defend key infrastructure. The Air Force goal for the same period is to establish the capability to support COIN operations and to put in place the building blocks necessary for the achievement of air sovereignty.

The MoI continues to make organizational and strength adjustments in its forces. Despite delays in equipping and basing, the MoI's nascent systems for procurement, budget, and real estate acquisition should, in time, meet force generation and organizational requirements throughout the Iraqi Federal Police (FP), Iraqi Police Service (local station level), Traffic Police, River Police, Border Police, Oil Police (OP), Facilities Protection Services (FPS), and

other emergency response organizations. However, GoI budget constraints will limit MoI expansion of security forces and degrade equipping and sustainment throughout 2009 and into the foreseeable future. The MoI has improved training capacity, but still suffers from generally poor facilities and budget shortfalls.

The INCTF is a highly capable force that contributes significantly to the COIN effort. Manning, however, remains low. INCTF has a projected steady-state end strength of 9,200 but, due to budget shortfalls, a hiring freeze, and a need for specialized training, currently has just over half the personnel it is authorized. INCTF also lacks sufficient means for resourcing the organization. Legislative attempts to correct this problem, such as the Counter-Terrorism Law, have yet to pass the CoR.

The GoI continues to demonstrate its fiscal commitment to its security forces by moderately increasing the MoI's and MoD's budgets over the long term. The MoI has demonstrated an improved ability to obligate its budget. The MoD also shows improvements but continues to struggle, particularly in the areas of support, sustainment and infrastructure projects. Budget coordination between MoD and the MoF remains problematic because of inadequate automation and cumbersome manual processes. In light of the GoI's inability to achieve its oil revenue goals, which underpin the national budget, and the attendant decline in its cash reserves, MoI and MoD will at best realize limited funding increases over the next few years.

### 2.1 Assessed Capabilities of the Iraqi Forces Ministerial Capacity

Although slowly developing, ministerial capability in the MoI and MoD continues to improve. To expand institutional capacity, U.S. forces continue to mentor and partner with the MoI and MoD. This effort has begun to overcome decades of isolation and stagnation

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in law enforcement and military education and training. A lack of capacity to train civilian management, a shortage of training staff, deterioration of some facilities, and an inability to fill many positions with trained personnel are challenges that continue to hinder the ministries. Currently, many of the Iraqi civilians working in positions inside the MoD and MoI are not yet fully trained and qualified for their positions. Although training on new processes and procedures with a focus on automation capability is being offered, many are reluctant to pursue technology-focused training. Additionally, the MoI has begun to take actions to improve communication of issues and needs between the ministry and provinces.

Operationally, both MoI and MoD leadership and staff elements are improving their capabilities. Committees are formed at the national level to conduct joint planning for national special security events such as the numerous pilgrimages to the religious shrines in Najaf, Karbala, Samarah and Baghdad. ISF continue to actively cultivate community relationships and develop an environment of trust within their communities by performing humanitarian support and engaging in outreach and public information activities to solicit local help to combat insurgents. The ISF are gaining the acceptance of the Iraqi people by effectively demonstrating that their combined accomplishments against terrorist activities make Iraqi communities safer.

The MoD continues to exhibit uneven progress in developing ministerial capacity. In general, the MoD has progressed in establishing increased legitimacy and transparency; however, politicization of the MoD with senior positions often assigned based on cronyism and key allies rather than professional competence continues to detract from ministerial capacity. Directorate Generals frequently change jobs precluding any lasting organizational efficiency improvements. Additionally, the continued marginalization of the Joint Headquarters function by the Minister of Defense creates a ministry short of needed capability. Weakness

in ministerial capacity negatively affects the MoD's ability to rapidly and efficiently build a strong, loyal, capable ISF able to conduct independent operations in support of Iraq's national security objectives.

The MoD performs limited strategic planning for requirements-based capability development or force structure or infrastructure. This lack of strategic planning is also reflected in the centralized resource management, which focuses on expensive weapons procurement while ignoring the required planning and budgeting for operational requirements—goods, services, and maintenance. This, in turn, leads to high rates of non-operable equipment shortly after delivery of systems; a situation further compounded by poor to non-existent capability planning and resource allocation for manpower. The 2009 budget has exacerbated these problems. Large non-discretionary budget requirements for items such as salaries do not allow sufficient funding for major systems purchases. Additionally, there is insufficient appetite for funding the necessary enabling capabilities and facilities to ensure self-sufficiency as U.S. forces draw down.

MNSTC-I provides 22 subject matter experts in specific fields of expertise as advisors to senior Iraqi military and civilian officials. These advisors advise, train, and assist their counterparts. To maximize effectiveness, a two day U.S. Advisor School has been established in Baghdad, providing strategic context, mission focus, and an understanding of Iraqi history, society, and culture. This best practice coaching methodology on how best to relate and perform is proving highly effective. This reduces adjustment time upon arrival in theater to the benefit of Iraqi counterparts and the delivery of improved institutional capability. To date, more than 500 advisors have completed the training.

### *Iraqi Forces Proficiency*

IA combat battalions continue to increase in both number and capability. As of September 2009, there are 189 IA combat battalions



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conducting operations, as well as six Iraqi Special Operations Forces (ISOF) battalions. The IqAF continues to expand its operational capability as the Iraqi Air Operations Center (IAOC) now provides scheduling, C2, and execution support for more than 350 operational and training sorties per week. The IqN continues to strengthen its ability to patrol Iraqi territorial waters, providing security for the port and towns of Umm Qasr and Az Zubayr. The IqN is responsible for point defense for the northern-most oil platform, Khawar Al Amaya Oil Terminal KAAOT and is on track to assume perimeter defense of the KAAOT on December 1, 2009.

The Iraqi FP continues to improve the effectiveness of its units. Based on this improvement, U.S. advisors have shifted their focus from battalion-level advising to advising at brigade-level and above. U.S. advisors continue to assess FP unit capabilities and distribute and realign training teams to units requiring additional assistance. The Italian *Carabinieri* continue to train, advise, and assist with the professionalization of the FP. FP training throughput of certified police officers is currently at 900 students every nine weeks. For the October 2009 class, the KRG sent a 40-person platoon to integrate into the *Carabinieri* Training.

A cornerstone of the professional development involves creation of the Iraqi International Academy for English Language Training and Cultural understanding. This institution, which is set to break ground in December 2009, is being developed in a cost share endeavor between the United States and GoI. The academy will teach English language for general and special purposes to members of the Iraqi security ministries. In addition the academy will teach professional development, business skills and ethics consistent with professional security forces.

### *ISF Intelligence Developments*

U.S. forces continue to support GoI development of the Iraqi Intelligence

Community (IqIC). During this period, U.S. forces transferred a new facility in Baghdad to the MoD: the DGIS Baghdad provincial office. The MoI National Information and Investigation Agency (NIIA), and the MoD DGIS and Joint Headquarters (JHQ) Directorate for Military Intelligence (M2), showed progress in conducting credible intelligence operations and providing legally sufficient evidence for the Iraqi judicial process. The Intelligence and Military Security School (IMSS), which provides training for ISF intelligence professionals, expanded course offerings with five new intelligence courses, bringing the total number of courses to 18. Personnel from both DGIS and NIIA received training at the IMSS on the use of Document and Media Exploitation (DOMEX) equipment in preparation for fielding of DOMEX kits. Fielding and training will continue through 2010. These kits are adding a new evidence collection capability to support the Iraqi judicial process. Instructors from the NIIA Training Center (NTC) in Baghdad and the MoI Baghdad Police College completed the final phase of the Federal Bureau of Investigation sponsored instructor development program.

The absence of an Iraqi Intelligence Law that delineates roles and missions of organizations, with clear legal mandates and C2 mechanisms, continued to hamper progress between the organizations. The responsibility and purview of the collective organizations are not clearly established and the legal boundaries for information collection are neither established nor agreed upon. Additionally, the absence of standardized security and clearance protocols continued to have a negative impact on sharing of information among IqIC members, and between the IqIC and U.S. partners. However, within the IqIC, secure voice and data information sharing were increasingly possible as the Iraqi Intelligence Network (I2N) continued to proliferate to units of the MoD and MoI throughout Iraq.

ISF ground units employed IqAF airborne ISR assets to support exercises and operations.

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Throughout the IA, ISR companies are manned and prepared for equipment and systems fielding through the summer of 2010. To date, three divisional ISR companies have received equipment and conducted collective training exercises. U.S. forces have observed some misuse of equipment transferred to the ISR companies, such as the appropriation of vehicles by divisional headquarters that were intended for ISR support, resulting in degraded capabilities. ISR companies and IA division intelligence elements continued to send individuals to skills training which complemented local training programs at the IA division level. These interagency fusion centers have LNOs from the five major intelligence agencies and representatives from each of the action arms subordinate to the particular command. Most recently, the PM and the Minister of Defense ordered a Joint Intelligence Center formed to support operations at the Baghdad Operations Command's subordinate Karkh and Rusafa Area Commands. These centers are directly supporting the intelligence officers within each command, providing targeting information.

### *Training Capacities*

Operational since October 2007, the MoD's Ministerial Training and Development Center (MTDC) provides valuable education and training to Iraqi security officials including Iraqi Joint Forces (IJF), MoD civilians, and officials from the MoI, MoF, National Security, CTS and the PMNOC. Initially funded with Iraqi Security Forces Funds (ISFF), it is now funded by the MoD's operating budget. The MTDC maintains active ties with similar regional and international training and professionalism institutions such as the NTM-I and the International Committee of the Red Cross. The MTDC offers courses in 11 different functions with direct alignment to the MoD's departments: Policy and Requirements, Intelligence and Security, Finance and Budgeting, Contracting, Inspector General and Human Rights, General Counsel, English Language, Infrastructure, Information Technology, Personnel and Management, and Media and

Communications. To date, the MTDC has conducted 390 classes, trained more than 7,500 GoI officials, developed 87 programs of instruction, and transitioned responsibility for teaching 79 courses to Iraqi instructors. The Iraqi MTDC staff is three times the size of the U.S. forces' professor staff and is teaching more than 80% of the course load.

### *Logistics and Sustainment Capacities*

Logistical and sustainment capability is essential for ISF self-sufficiency and remains a major area of focus. The ISF have become more competent and self-sufficient over time and have made appropriate organizational adjustments during recent operations. Although developments at the tactical level are encouraging, more effort must be directed to the sustainment and logistical support capability at the operational and strategic levels. The MoD continues to develop a national supply and distribution network, with a Location Command in support of each IA division. Regional life-support assets will be operational at all sites by the end of the 2009.

The MoI continues to develop its national and supply distribution network with the Baghdad Police College Warehouse Complex. The MoI began fielding a FP Sustainment Brigade in October 2008. This brigade will move to a new logistics complex at Salman Pak to boost its capabilities. Once complete, this unit will be able to provide support to the three formed divisions and the 4<sup>th</sup> FP Division currently in force generation. The Logistics Battalions organic to 1<sup>st</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> FP Divisions have not been established, and only the 2<sup>nd</sup> FP Division has formed a Logistics Battalion. Ongoing logistics training for the MoI includes basic warehouse operations and automation training at the Baghdad Police College warehouses.

The FP Sustainment Brigade, once it achieves full operating capacity in 2010, will be capable of accomplishing a wide range of missions, including line-haul transportation; deployable maintenance; supply issue, receipt, and storage; combat health treatment; and mobile fuel



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storage and distribution. With financial support and through advisor teams, three of the five Directorate of Border Enforcement (DBE) regional maintenance facilities are at an initial operational capability.

The Taji National Maintenance Depot (TNMD) and the Joint Repair Parts Command (JRPC) are the focus point of the MoD's fourth line of maintenance and repair parts and they provide direct support to the Location Commands. TNMD also includes a DS/GS capability for commercial trucks, generators, and forklifts, providing depot maintenance support. MNSTC-I is transferring operational control of the depots to the GoI, in a systematic phased approach, with complete transition occurring by April 2010. MNSTC-I will continue to provide subject matter experts to advise and mentor the MoD on Depot operations throughout 2010.

#### *Acquisition Capabilities*

The MoD continues to increase its capability to acquire the equipment needed to meet force generation, sustainment, and modernization goals. Since 2006, the GoI contribution to the procurement for their security forces has exceeded U.S. contributions. However, there still remains a significant dependence on the foreign military sales (FMS) program to meet most of its acquisition needs. The MoD has not fully developed the ability to expedite direct commercial contracts on an international basis and has inadequate capacity to execute its limited infrastructure budget.

At the MoI, logistics planning capacity continues to be governed by a slow contracting process and lengthy acquisition lead times. The MoI's inability to obtain credit from international vendors and its own reluctance to establish blanket purchasing agreements for fear of corruption prevent the introduction of modern-style logistics arrangements to support ongoing and near-term operations.

MNSTC-I continues to use ISFF to supplement GoI logistics sustainment capacity development

for the ISF. GoI funding of this critical area, which includes salaries, training, equipping, and sustainment of the ISF, continues to increase in parallel with the development of a detailed transition and sustainment plan that will, when complete, ensure the long-term health of the ISF. It will also help guide the development of annual budgetary input for the recurring operations and maintenance (O&M) requirements of the force. This process is deliberately advancing Iraq toward management and funding of its own forces.<sup>31</sup>

#### *Foreign Military Sales*

As of November 2009, the FMS program includes 144 Iraqi-signed cases in execution valued at \$5.02 billion since its inception in 2005. MNSTC-I is assisting the GoI with an additional 96 FMS cases valued at over \$4.3 billion that were either offered, or are being developed, in response to GoI Letters of Request. During this period, the MoD's limited remaining FMS budget constrained the ministry's ability to pursue further capability additions for the ISF. The MoD requirements significantly exceeded the allocated procurement budget, requiring the security ministries to reassess their vision to grow, develop, and equip their forces. In one notable exception, PM Maliki signed a Letter of Offer and Acceptance for an FMS program to procure offshore support vessels for the IqN's future fleet of littoral patrol watercraft. This will be a cost-share agreement using a mixture of GoI FMS funds and ISFF. Meanwhile, production contracts were awarded for T-6A Trainer Aircraft and Coastal Patrol Boats using funding committed during the previous quarter. Maintenance and support FMS cases for aircraft and M1A1 tanks have been offered by the U.S. Government, but due to the challenging budgetary situation, the MoD was reluctant to commit funds to purchase support through FMS. The U.S. Government is currently working to restate the cases to make them more affordable as a response to this budgetary situation. MNSTC-I continues to advise the MoD on prioritizing and funding these support cases to assure operational availability of

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weapons systems. To date, 49 MoD cases are fully delivered, and the MoD is collecting delivery documents from their depots to support the closeout of these cases. Another 35 cases are partially delivered.

The MoI continued to focus on improving border roads and infrastructure to advance their border security. Under existing MoI FMS cases, more than 200 kilometers of border roads are under construction along the Syrian and Iranian borders, and work is underway on improved ports of entry and border forts. Recent interest has centered on improving border surveillance through an integrated electronic surveillance system. An FMS case for a border surveillance system consisting of sensors, communications, vehicles, command and control, training and maintenance was offered in September and is being routed for signature. The MoI has also expressed interest in multi-role helicopters and several options are being explored. To date, five MoI cases are fully delivered and 16 cases are partially delivered.

MNSTC-I continues to work with Iraq to improve in-transit visibility, deliveries documentation, and financial accountability of FMS goods and services. To support this goal, the MNSTC-I logistics team trained Iraqis from the MoD, MoI, and Board of Supreme Audit on FMS and other logistics processes to reinforce the importance of discipline, accountability and responsibility. The MoD and MoI need to explore procedures and assign agencies to perform logistics document management functions to collect and distribute FMS delivery data. MNSTC-I will continue to assist the GoI to develop these processes to support Iraq's requirements. The Iraqis are beginning to embrace these concepts, although they are not yet institutionalized. Overall, the GoI has shown some improvement in its ability to process FMS Letters of Offer and Acceptance, but due to lack of cross-directorate communications, there is often a need to extend offer expiration dates.

MNSTC-I advisors and training teams continue to address areas to improve ministerial staff capacity and increase educational opportunities. A series of local FMS training courses were conducted in Arabic, and a mobile FMS training team from the United States visited in December 2009. With the assistance of U.S. forces, the MoD and MoI are also pursuing regional security assistance exchanges, including visits to the Jordanian Armed Forces Headquarters to learn about that nation's considerable experience building defense capabilities through the U.S. FMS system.

## **2.2 Ministry of Interior**

### *Ministerial Planning Capacity*

The MoI registered a major advance in planning maturity with the August 2009 release of its first-ever Three-Year Strategic Plan (covering the years 2010-2012). This document serves as the basis for projecting annual budget requirements, establishing spending priorities, and "nesting" operational activities within MoI's strategic goals. By explicitly linking planning to resource allocation, this process addresses a weakness of prior planning efforts at the MoI.

To manifest the guidance laid out in the strategic plan, the MoI worked throughout the 2010 planning cycle to link the annual planning effort with the budget formulation process led by the MoI Directorate of Finance. Provinces and ministerial directorates formulated their respective operational-level plans, which were consolidated to support the 2010 budget request, which was forwarded to the MoF in August 2009. Representing a major milestone in discipline for MoI planning, this first iteration of the MoI's integrated planning and budgeting process was highlighted by the formation of a Joint Review Committee as a forum to validate province and directorate budget estimates. Iraqi Training and Advisory Mission (ITAM) advisors are consolidating these procedural gains and encouraging MoI to institutionalize a formal planning development life cycle based on the lessons learned during the 2010 preparation cycle. Accordingly,

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efforts will be made to incorporate improvements in the 2011 planning cycle to further integrate the planning, programming, and budgeting functions, moving the MoI another step forward in the adoption of modern business management practices. Enabling these efforts is an ongoing series of professional development sessions, designed specifically to target capabilities and requirements planning against expected resources.

### *Budget Planning and Execution*

The MoI's 2009 operating and capital budgets are a combined \$5.5 billion. The \$4.3 billion used for employee compensation accounted for 79% of the MoI's total 2009 budget. Latency in reporting monthly expenditures by the MoI's 24 spending units hinders its ability to accurately track budget execution and affects its ability to make timely budget decisions. Infrastructure, procurement, maintenance, and goods and services account for \$1.2 billion of the MoI's budget, with the MoI presently experiencing a lack of capacity to execute in these areas. Overall, the MoI is on a path to exceed its 2008 expenditure rate based on senior ministry leadership involvement in the budget execution process.

For the MoI annual budgeting process, the desired end state is to synchronize the bottom-up submission of budget estimates with top-down mission priority planning, which will enable the MoI to integrate prioritized mission requirements with available resources. This reflects a significant improvement in financial management within the MoI, as the ministry works toward institutionalizing a structured approach to planning, programming, and budget execution. To assist in this maturation, U.S. forces and the Defense Resource Management Institute have agreed to continue professional development of mid- and senior-level officers for up to eight in-country seminars in 2010 encompassing program and project management, planning and budgeting, capability-based requirements planning, and analytical decision-making criteria. Implementation of the Iraqi Financial Management

Information System (IFMIS) has been terminated, and the MoI is now pursuing the use of e-Ministry as an internal management information system.

### *Acquisition*

The MoI is proactively managing its acquisition program. The MoI established a committee to prioritize remaining FMS requirements to execute the remaining FMS account balance prior to the end of 2009. On August 20, 2009, the MoI awarded an \$8.5 million dollar contract to Optimum Vehicle Logistics (OVL) for spare and repair parts to increase the mission readiness of the up-armored HMMWVs gifted by the U.S. Government to the MoI.

One of the primary challenges for FMS or direct contracts moving forward is to demonstrate that Iraq is a suitable environment for international investments. The convoluted process of Letters of Credit, administrative bottlenecks and unclear payment rules remain as impediments to legal concerns and contractual execution in a timely, efficient manner. A more efficient procurement system would produce a positive outcome for foreign involvement and investment in FMS or direct contract cases.

Iraq's ability to attract foreign companies or capital by providing a secure, market-friendly environment in an expeditious manner will ultimately be a pivotal factor in determining Iraq's near-term future growth path and ability to sustain its security forces over the long term.

### *Human Resources*

As of October 31, 2009, there are approximately 406,000 personnel assigned to the MoI forces. The MoI is conducting a comprehensive audit process to validate employee rolls and ensure there are no remaining "ghost" employees in the system. Currently, the MoI remains under a hiring freeze due to 2009 budget shortfalls. Additional audits at the provincial level will identify deserters, no-shows, and additional inefficiencies within the

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personnel reporting system. Results from these audits should create hiring opportunities within the MoI. The MoI anticipates limited hiring to begin in January 2010, with approximately 8,000 hires projected in Ninewa, to address security challenges there.

### *Inspector General*

The MoI IG continues to actively engage in reporting deficiencies within the MoI. Each provincial office is inspected at least twice per year, and reports are compiled to underpin necessary remedial action. Although corruption continues to be a significant issue and most inspection offices are understaffed, the IG continues to make limited progress. The formal training of IG staff has increased considerably with 82% of eligible officers completing the Basic IG Officers Course. Also, the percentage of closed cases continues to rise. The Investigations and Audit Directorates were extremely successful. Since January 2009, the Investigations Directorate has closed 558 cases; of these, 233 were referred to the Central Criminal Court of Iraq or the Commission on Integrity for further investigative action. There is still a shortfall of senior IG officers with sufficient rank to efficiently investigate corruption allegations against senior MoI officials. The Audit Directorate identified over \$80 million dollars in contractual improprieties and improper salaries. Recognizing the ongoing challenges in this area, the MoI is currently pursuing additional external audit training that will increase the professional competence and capability of the auditors. Advisors continue to actively support the MoI IG to ensure movement toward self-sufficiency.

### *Human Rights*

The MoI IG Human Rights Directorate continues to show progress even though it has jurisdiction and oversight responsibility for approximately 1,000 detention facilities with approximately 18,000 detainees in custody. Lack of Investigative Officers and the failure of Investigative Judges to efficiently and effectively deal with cases mean that some are delayed for extended periods resulting in

detainees languishing without charge in MoI facilities. Overcrowding, uncertainty surrounding release or hearing, and the lack of adequate basic facilities compromise both guards and detainees. Additionally, there is no apparent detention training system in place for those operating the MoI detention centers. The institutional capacity for conducting detention facility inspections throughout Baghdad has been highly successful, and the Human Rights Directorate has now expanded its inspection program into the provinces. Provincial visits occur on a monthly basis. The IG recently detailed a committee of 30 IGs to the Rusafa Prison Complex to assist in obtaining complete investigative files for more than 3,200 detainees from 75 police stations. This initiative will help in adjudicating cases of citizens detained for years who did not have complete investigative records to go to trial.

### *Rule of Law*

The MoI court system continues to evolve, and significant progress is being made in judicial capacity building. Since hearings began in July 2008, the number of cases heard has increased each month, and the number of cases returned for further investigation or procedural correction has dropped from a high of 92% in August 2008 to a low of 18% in June 2009. These trends indicate a steady increase in the knowledge and professionalism of investigators and lower court judges. However, a lack of knowledge of the relevant MoI laws persists within the ISF. Thus, the continued professionalization of judicial officers remains a priority. The MoI is working to promote legal instruction at MoI training centers, establish legal libraries at each court, and develop a strategy to research, publish, and disseminate legal decisions of the courts.

### *Operations Command Centers*

The MoI's National Command Center (NCC) has shown improvement in its capability of near-time coordination with other national-level command centers, other ministries, and the Provincial Joint Coordination Centers (PJCCs). On July 6, 2009, the NTM-I

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announced full operational capability (FOC) for the NCC, based on the NATO goal of reaching 75% of operational capability. NATO is working in conjunction with its Iraqi counterparts to develop a plan to raise its capability to 100%. The present reporting system shows improvement. The present reporting system of incident reports and Commander's Critical Information Requirements shows improvement. Reporting starts at the provincial level with the Provincial Chief of Police (PCoP) and flows through the Provincial Joint Coordination Center (PJCC) to the National Command Center (NCC). Depending on the information contained in the report, the NCC will forward to the Prime Minister's National Operations Center (PMNOC), the National Intelligence and Investigations Agency (NIIA), the BOC, or the MoD Joint Operations Center (JOC). Fidelity of reporting is generally good, as reports are verified before forwarding. As the PCoPs see more value in the PJCCs' ability to assist them, the volume of reporting will increase.

MoI capacity to plan, coordinate, conduct, and sustain operations continues to improve, though planning efforts remain highly centralized and are not yet thoroughly integrated with MoD plans. Event and deliberate operational planning by MoI Operations Directorate planners begins with the base plan being developed in a committee setting at the PMNOC. Efforts are currently under way to enhance the joint planning coordination between the MoD and the MoI through the placement of MoI liaison officers into the MoD planning centers.

### *Logistics*

The MoI continues to develop its national vehicle maintenance plan. The goal of this plan is to provide policy guidance and assistance in maintaining vehicle readiness to support police operations across Iraq. The MoI has conducted several staff assistance visits to provinces to assess accountability and maintenance procedures and assist with training requirements. To address issues discovered through these staff assistance visits, the MoI recently completed a full accounting of all equipment by fleet and

location in Iraq and is currently distributing the right repair parts to supporting maintenance facility. With a \$48 million contract to build an automated supply chain management solution by the end of 2010, the MoI will be in a much improved situation to provide responsive and sufficient repair parts support its provinces and separate commands. To enhance capabilities, the MoI is improving its ability to store and issue repair parts through its Baghdad Police College warehouse and is building a repair facility for generators and air-conditioning units. Both projects are expected to be completed by February 2010. The FP Sustainment Brigade, once it achieves full operating capacity in 2010, will be capable of accomplishing a wide range of missions, including line-haul transportation; deployable maintenance; supply issue, receipt, and storage; combat health treatment; and mobile fuel storage and distribution.

### *Training*

The MoI will have eliminated the backlog of *Shurta* (non-commissioned entry-level police men and women) requiring Basic Recruit Training (BRT) by December 2010. The MoI has begun focusing on specialized and advanced training for its *Shurta*. To assist in the effort the MoI Training Qualification Institute (TQI) has launched several initiatives and developed curriculum to improve professionalization and quality of training, as well as to address specific skill sets needed by its operational forces. Specifically, programs are being developed in English language training, criminal investigation techniques, ethics and human rights, forensics and crime scene management, community policing, police information and intelligence, and technology applications and management training

The MoI training base is currently capable of training more than 88,000 *Shurta* per year. In addition, 5,600 resident and 9,720 non-resident officers can be trained annually, with a total student capacity of nearly 25,000 students at any given time. With BRT complete, the MoI is developing a training center assessment



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program to assess their training center's ability to conduct quality training and to identify areas where MoI may provide assistance. This assessment program will lend itself to the MoI being able to resize its training center base. Recently, resident capacity increased to 8,600 as construction was completed for a new complex for the Higher Institute for Security and Administration Development and a branch of the Baghdad Police College (BPC) in Mosul. Additional expansion is anticipated with the completion of Phase II of the BPC expansion in November 2009, bringing the resident capacity to 10,584. Thus far in 2009, TQI courses graduated police in human rights instruction (3,067), instructor certification (135), basic criminal investigation (340), advanced criminal investigation (185), leadership development (3,811), and internal affairs (124).

The Iraqi BPC instructor cadre trains all basic officer and commissioner tasks, provide a basic *Shurta* curriculum for all MoI forces, and continues to take on an increasing proportion of the specialized and advanced course loads. MNSTC-I advisors and International Police Advisors (IPA) continue to assist by providing advice and oversight, and by ensuring that course standards are consistent with internationally acceptable practices and meet the dynamic needs of the field. The MoI is currently developing programs designed to expand training and education opportunities abroad for IPS officers to expose them to best practices and techniques, including support from Australia and the European Union. The pilot program began in the fall of 2009 and sent 20 officers to three U.S. universities. The program is set to expand to include training with select U.S. metropolitan police organizations followed by graduate studies in police administration and science.

#### *National Forensic Program (NFP)*

In September 2009, basic training in DNA analysis and comparative studies was completed within the NFP. It is anticipated that the basic program for chemical analysis will be completed by December 2009. This basic

program continues at the Baghdad Police College within the High Institute for Security and Management Development (HISAD) training laboratory. Advanced training in DNA and chemical analysis will begin in December 2009. Even with ongoing laboratory refinements and installation projects, the National Forensic Laboratories located in Irbil, Baghdad (Karadah), and Basrah are expected to be operational by June 2010. These three laboratories will serve as the backbone for their regions in handling and processing criminal evidence in Iraq. Mosul comparative capability is on hold pending the installation of an additional floor to the local IP station to be provided by USF. Analytical forensics capability is expected to be FOC in June 2010, with Irbil achieving analytical forensics capability as early January 2010, pending installation of equipment and delivery of ISFF and FMS consumable supplies.

#### *Health Service Support*

The MoI Surgeon's Office must coordinate health service support to nearly 500,000 MoI employees. MoI is nearly 50% larger than MoD and contains 11 geographically dispersed organizations such as the Federal Police, Iraqi Police, Oil Police, Directorate of Border Enforcement, Iraqi Civil Defense Directorate, etc. Each organization contains a separate and distinct mission with its unique health service support requirements. MNSTC-I Health Affairs is assisting the MoI Surgeon's Office in determining how best to support each organization. As of September 2009, the MoI only met 3% of its required physician strength as a direct consequence of a nationwide physician shortage, lower pay than MoD and MoH counterparts, the hiring freeze, and funding shortages.

Many of the MoI organizations do not have trained medics. To partially address this issue, the MoI will convert an unused clinic in Baghdad to a Medical Training Site with the first medic training program to begin in December 2009. MNSTC-I has partnered with the MoI Surgeon's Office to significantly increase the number of Combat Life Savers (CLS) within the police ranks. In addition,



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MNSTC-I will assist MoI in developing Iraqi CLS trainers to ensure the program is self-sustaining once U.S. forces leave Iraq in December 2011. The first CLS course was offered in August 2009 with the training of 20 MoI personnel. As with the MoD, the MoI medical system is in need of a service maintenance contract to keep its existing equipment functioning properly and repair damaged equipment.

### **Iraqi Police Services**

The Iraqi Police Services (IPS) mission to enforce the rule of law, safeguard the public, and provide local community security remains unchanged. IPS operational performance has improved with each operation; it is increasingly becoming a professional force that has begun to support the rule of law throughout Iraq in conjunction with the maturing court system. The disparate elements that make up the IPS are also starting to provide cross-department support to each other. The IPS consists of all provincial police forces (station, patrol, traffic, and special units) assigned to the 18 Iraqi provinces in more than 1,300 police stations across Iraq. The IPS directs policy and strategic planning and has technical control over the training, vetting, and hiring of *Shurta* and officers.

The General Counter Explosives Directorate (GCED) is expected to grow exponentially in the next year. To expand its capacity and to support the Joint Campaign Plan, MNSTC-I's ITAM Police Team is executing a train and equip program supported by \$23 million of ISFF. This project will add 12 Provincial Counter-Explosive Teams (CET) by October 2010. In addition to the six core CETs, previously funded by MNSTC-I, GCED is currently responsible for all provincial counter-IED operations across Iraq. Each of the newly-trained provincial teams will consist of at least 10 officers trained to UN International Mine Action Standards (IMAS) level 4 and upon graduation will receive over \$1.2 million in specialized EOD equipment.

### **Iraqi Police Investigations**

U.S. forces worked closely with the Investigations Committee formed by LTG DM Ayden in May 2009. The first product of this committee was in the form of Crime Scene Protocols. These protocols will help to shape the efforts of first responders to a crime scene with special emphasis for command and control efforts at a post blast incident. The protocols were established to assist in the preservation of life as the first consideration and to preserve the scene for vital evidence that could lead to the identification of criminals and criminal networks. The protocols were formally adopted on September 16, 2009 and were ordered to be released to all IP to help them understand their roles and responsibilities upon responding. The Iraqi curriculum development committee of the High Institute is to meet in order to develop a lesson plan for inclusion of the protocols into the BRT as well as the curriculum at the BPC. In addition, the Investigations Committee is presently updating a comprehensive Investigators Manual that will provide the curriculum material for Basic and Advanced Investigator courses to be taught at the TQI at the Baghdad Police College.

### **Iraqi Federal Police**

The Iraqi FP will expand with the completion of the 3<sup>rd</sup> Division units in the northern region, and the continued force generation of the 4<sup>th</sup> Division HQs and units in the southern region. Additionally, the IFP will assume three new security force missions (the Central Bank of Iraq, Embassy Protection Force, and the Antiquities and Ruins Security Force) once force generation resumes. With these additions and consideration of budget restraints, the 2009 authorization for the FP has increased to 46,580 members. The FP Commander plans to incorporate IPS Emergency Response Units within the FP as an alternative to address FP personnel shortages. The FP currently has limited ability to staff the newly-formed 4<sup>th</sup> Division beyond a cadre force of varying strength, and they will struggle to build the new special security unit. The FP, as of October 2009, has 86 personnel trained to the NATO standard.

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The 3<sup>rd</sup> Division, with four brigades assigned, has expanded to provide a presence in Diyala, Mosul, Salah ad Din, and Anbar. The 4<sup>th</sup> Division, with one operational Brigade and two Brigades in force generation, has a presence in Wasit, Maysan, and Baghdad. The FP continues to have success in recruiting across most of Iraq's ethnic and religious sects in each province. A notable exception is in the KRG-controlled provinces which are expected to bring better balance to the ethnic makeup of the force in the future. The FP has a large roster of people wanting to join their ranks. The Iraqi people view the FP personnel as a federal force that is not tied to local influences and corruption due to the FP commander's requirement for FP personnel to move from their hometown region and his record of dismissal or punishment of those who engage in corruption.

Continued expansion of the FP into the provinces is supported by a three-year plan to base a brigade-sized FP force in each province, with a regionally based division HQ controlling these units and division support battalions providing logistical support. Additionally, the FP HQ is requesting its own budget to be able to conduct operations and sustainment without having to request funding from the MoI. As of November 2009, the FP HQ has available properties in the provinces to base each of the 14 brigade HQs. Finally, the continued support of the MoI is required to plan the equipping and infrastructure improvements required for the new units, as well as the ongoing need to replenish existing unit equipment and improve unit basing locations.

### **Directorate of Border Enforcement and Ports of Entry Directorate**

The Directorate of Border Enforcement (DBE) and Ports of Entry Directorate (PoED) continue in their respective responsibilities to protect Iraq's 3,650 kilometers of international borders and 28 air, land, and sea ports of entry to prevent smuggling, sabotage, and infiltration activities. These organizations continue to enforce compliance with international treaties

and protocols, with respect to international agreements and boundaries.

The DBE is organized into five regions, with 14 Brigades and 53 Battalions, in addition to the Coastal Border Guard, which is under the command of Region 4 located in Basrah. Eight DBE Battalions are mobile Commando Battalions that are under the command of the regional commander. Although the DBE is currently authorized 45,000 personnel by the MoI, the force is envisioned to expand to more than 60,000 by 2012. DBE staffing is adequate to perform the basics of the border control mission. However, with the ongoing construction of border forts and annexes, the DBE saw a need for more personnel to staff these locations. The DBE continued to address the shortfall in basic recruit training and was at nearly 100% trained in basic skills as of October 2009.

The PoED is responsible for administration and security of 13 land ports of entry throughout Iraq, as well as having some presence at the six air ports of entry and five seaports. An additional five ports of entry in the KRG are not recognized or managed by the GoI. The PoED has no formal personnel authorizations. The PoED does not have authority over the numerous tenant ministry organizations at the PoEs, its own operating and maintenance budget, nor independent oversight of future construction efforts. The PoED is pursuing the FMS process in tandem with the MoI and U.S. force partners to support the reconstruction or renovation of four PoEs. This will allow the PoED to take advantage of U.S. Army Corps of Engineers (USACE) program management, contracting, engineering, and financial management expertise. Moreover, the GoI is in the last stages of selecting non-intrusive inspection equipment (NIIE) with X-ray capabilities for Iraq's land and sea PoEs. This effort is in concert with the U.S. goal of purchasing half of the NIIE.

The most significant challenge to increasing the effectiveness of the DBE and PoED is a viable

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MoI sustainment system. Poor management and the lack fuel supply, electricity generation, and maintenance have hampered all aspects of border and PoE operations. In addition to this challenge, the DBE and PoED are combating reported incidents of corruption, with ongoing ethics training for employees, re-assignment of personnel between PoEs, and routine swapping of DBE unit areas of operation on the borders.

### **Oil Police**

The Oil Police (OP) are responsible for protecting the Iraq-wide oil production infrastructure, including oil fields, pipelines, refineries, convoys, and retail stations, which are located throughout Iraq in both remote and urban areas. The OP has 43 static battalions and four Mobile Emergency Battalions that have personnel strengths that vary depending on the location and priority of resource. Currently, select units of the IA guard designated areas of the oil production infrastructure, with the MoI scheduled to resume full responsibility for this mission in late 2010. The IA presently guards four major sections of pipeline throughout Iraq, including three critical pipeline exclusion zones (PEZs). The OP four Mobile Emergency Battalions are able to handle this mission but still lack basic required equipment. The MoI and the OP are acquiring \$35 million worth of vehicles, weapons, uniforms, and other specialty equipment.

All OP permanent hire personnel have completed the 240-hour IPS course. OP leaders are actively involved in their organizations and are qualified for their positions with most officers trained in a police or military academy. The only significant shortfall in leadership is found in the junior officer and non-commissioned officer (NCO) ranks. This problem continues to be reviewed and a detailed plan developed in conjunction with the MoI.

### **Facilities Protection Services**

The Facilities Protection Services (FPS) is responsible for the protection of critical infrastructure throughout Iraq, including

government buildings, mosques and religious sites, hospitals, schools and colleges, dams, highways, and bridges. Under CPA Order 27, FPS forces were decentralized within each ministry and province. If the FPS Reform Law is passed by the CoR, the GoI will consolidate all FPS within the MoI, except forces currently detailed to the MoO and MoE, as well as the HJC. The law still lingers between the CoM and the CoR.

As of October 31, 2009, the FPS had 16,429 IP employees and an additional 75,742 contractors, resulting in total end strength of 92,171. These contractors have met MoI hiring criteria, signed contracts, and receive their salaries through the MoI. The handover of operational control will occur when the FPS consolidation law is passed. The contract signing and payment by the MoI marks a significant step toward consolidation. The projected end strength of this force may be as high as 104,000 when consolidation is complete. All MoI FPS IP personnel have been trained as of June 1, 2009. MoI FPS IP personnel are trained in the 240-hour IP course. In cooperation with the FPS, ITAM Police is developing a plan to train contractors to the MoI IP standard. U.S. forces, in cooperation with the MoI, are building an FPS training facility in Al Kut, Wasit Province, with a completion date expected in 2010. The FPS has traditionally been the unit with the lowest priority for equipment issue within the MoI and currently has less than 10% of its authorized equipment on hand.

### **2.3 Ministry of Defense**

As of November 30, 2009, the MoD remains under the MoF-imposed 253,000 personnel hiring freeze limitation. However, there are approximately 322,000 approved MTOE positions in the MoD against which almost 271,000 personnel are allocated pay. As the ground force nears completion, lack of a sustainment-funding plan and the presence of a centralized decision-making process continue to inhibit MoD force improvements. The Minister of Defense still controls almost all procurement and maintenance funding

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decisions and approves most equipment purchases. From January through December 2008, the MoD executed \$2.9 billion of its \$5.2 billion budget (55%). The major challenge facing the MoD in 2009 is a limited budget of \$4.21 billion, as opposed to the \$8 billion requirement. Although this amount is sufficient to pay and feed personnel it will marginally sustain the current ground force and cannot support desired growth or infrastructure. Exacerbating the budget shortfall is the need to purchase logistics support and enabler unit equipment and associated sustainment costs. These requirements will constrain capital growth programs beyond 2009. In short, the economic downturn and concurrent drop in oil prices will drastically curtail the rate at which the ISF can achieve foundational capabilities, develop facilities, and purchase equipment.

### **Ministry of Defense and Joint Headquarters**

The Joint Headquarters (JHQ) continues to develop greater capability to provide operational-level advice to the MoD and is developing its capacity to plan and logistically resource operations. Despite the JHQ's progress, the Iraqi national security C2 architecture continues to be poorly defined and overly centralized, which inhibits planning, decision making, and the ability to execute coordinated operations at all levels.

### ***Policy and Plans***

The MoD General Directorate for Policy and Requirements has limited capability to generate relevant and applicable defense policies and plans. Although capability exists within some of the key staff members to produce their respective policies and plans there is no institutional process for feedback, approval, and implementation of such guiding documents. Senior Iraqi leadership has resisted publishing formal policy documents, which contributes to the existing sluggish decision-making practices at all levels. The MoD leadership often disregards the requirements generated by its subordinate staffs and is resistant to tying capability requirements to national security documents. The linkage

between capability requirements, strength levels, equipment purchasing and budgeting is almost nonexistent.

In August 2008, the MoD implemented a recruiting and hiring freeze for all positions. The following month, the MoF established a 253,000 personnel cap based on estimates of affordability related to the 2008 defense budget. Based on March 2009 pay data, the Iraqi Armed Forces, including military, civilians, and contractors, currently exceed the personnel cap by more than 13,000 positions. Growing concerns with funding have resulted in a near stalemate of personnel actions affecting IqAF and IqN force generation. Significant shortages in key enlisted, NCO and junior officer positions are offset by large numbers of entry-level soldier. These imbalances, when combined with growing operational demands and the current Iraqi leave policy, affect the ability to conduct current operations and train and equip units.

### ***Acquisition***

The MoD's Acquisition and Contracting General Directorates have the functional contracting capability and capacity, within the constraints of their existing systems, to acquire the goods and services necessary to equip, sustain, and modernize the IISF. However, their existing contracting system is not automated and as a result is generally inefficient and ineffective. The authorization process is serial vice parallel and greatly extends the time required to develop and award contracts. Authorizations for even relatively low-level acquisitions require the involvement of Flag-level officers and/or Ministry-level executives. The MoD faces numerous challenges including: the lack of a multi-year acquisition strategy; a poor to non-existing requirements determination process; the late release of budgetary authority and funding; overly centralized decision making authority; inadequately trained and inexperienced staff; and insufficient use of technology to streamline and optimize processes.

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The MoD contracting staff lacks experience in processing complex contracts. They typically develop relatively simple contracts that are awarded to single vendors. When required to make a major purchase from an overseas vendor, the MoD dispatches a senior staff delegation to negotiate the contract. Due to its limited ability to execute complex contracts, the MoD relies heavily on the U.S. FMS program to execute these contracts in order to equip and sustain its forces. In an effort to address the existing shortcomings, the MNSTC-I advisors provide on-the-job training for the acquisition and contracting staff on subjects such as market research, contracting strategies, requirements determination, analysis of offers and proposals, and contract development.

#### *Infrastructure Maintenance and Construction*

The MoD still does not place a priority on facilities sustainment and recapitalization. The MoD maintenance budget for 2009 is only \$8.5 million. A conservative estimate for sustainment maintenance alone is \$360 million. Until the MoD and the GoI make maintenance a priority, facilities will continue to deteriorate at a rapid rate. The MoD General Directorate of Infrastructure was dissolved on April 1, 2009. The Military Works and the Military Housing and Real Estate sub-directorates were aligned under the DCoS for Logistics within the JHQ, and the Facilities sub-directorate was completely eliminated.

On April 30, 2009, fiscal authority was delegated to the Deputy Chief of Staff (DCoS) for Logistics for infrastructure maintenance requirements. Although this delegation did not extend further down the chain, this should improve the speed with which maintenance requests are processed, and thus improve the infrastructure sustainment capacity. A reorganization plan envisioned four regional Military Works offices that will possess operational and administrative control over the various Base Engineer Military Works offices. However, the proposed offices do not have fiscal authority or personnel, and may add a

needless administrative node. The need for these regional offices is being questioned by the Director General of Military Works and awaiting a final decision.

MoD Military Works personnel are beginning to receive training in basic project scoping, design and estimating, and basic project management. Starting December 2009, courses are being taught at the Ministerial Training and Development Center (MTDC) under a formal infrastructure curriculum. MoD Military Works will continue to struggle to build new, or maintain current, infrastructure due to the lack of authority, budget, and qualified engineers. As of September 2009, they have processed 784 requests. This is a 286% increase over the total requests (203) processed in 2007. In addition, it is successfully managing the largest active construction program sponsored by the GoI—the Location Command warehouses valued at \$376 million.

#### *Finance and Budget*

The MoD's budget for 2009 is \$4.12 billion with 71% of this amount allocated for salaries (\$1.91 billion) and goods and services (\$1.41 billion) of which nearly \$1 billion is devoted to life support and self-reliance funding. High-value items such as vehicles, ships and aircraft (\$467 million), and infrastructure (\$267 million) account for the rest. From January through September 30, 2009, the MoD executed \$2.3 billion of its \$4.12 billion budget (56%). The lack of required funding in support of the overall readiness of the ISF will continue to be a significant problem in the coming years. The MoD must re-evaluate security force requirements and identify gaps that emerge as U.S. forces drawdown, taking into account available funding. According to the U.S. Treasury Attaché and the Director General for Programs and Budget advisors, the MoD should incorporate multi-year budget planning that factors in the necessary operations and maintenance costs to man and sustain new equipment and long-term support requirements. Given current and projected budget expenditures, the MoD may



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not be able to continue the expansion of the ISF and force modernization.

### *Personnel*

The MoD's Personnel Directorate's effectiveness is hindered by a lack of decentralized decision-making authority and a current hiring freeze. Approximately 2% of civilian positions across the MoD remain unfilled, but this figure is skewed due to more than 6,000 personnel working in IGFC and the BOC who do not have corresponding MTOE positions. Despite the hiring freeze, some civilian positions are being recognized as critical and validated for fill. The most critical areas in the MoD staff needing skilled employees are contracts, communications, infrastructure, and acquisition.

The MoD continues progress toward implementing a computer-supported, comprehensive personnel management system called the Human Resources Information Management System (HRIMS). HRIMS will serve as the database for personnel identification and weapons accountability and interface with the network where biometric information is stored. ISSF funded approximately \$24 million toward the HRIMS program and the GoI funded about \$4 million. As of January 1, 2010, the MoD will assume the license requirements and future funding.

### *Inspector General*

The MoD IG has instituted scheduled and urgent (unscheduled) inspection, audit, and investigation processes. The results of these inspections, audit, and investigation processes are not as transparent or effective as required. The Military IG is finishing its 2009 unit readiness inspection plan. In addition, the Military IG is conducting a tailored training course in October 2009 for his staff at the MoD's Ministerial Training and Development Center (MTDC) to increase the professionalism of his inspectors. The Military IGs are also planning for their annual conference to present inspection trends, challenges and the CY 2010 inspection schedule to Iraqi military and civilian leadership.

### *Human Rights*

The MoD Human Rights (HR) Directorate continued work on detainee facility inspections and women's issues during this period. The MoD maintains 30 detention facilities throughout Iraq as temporary holding sites for civilian terror suspects awaiting transfer to the MoJ. Currently, fewer than 700 prisoners are known to be held in 15 MoD facilities. Detainee numbers have significantly decreased from January 2009, and continue to decrease as the MoD transfers prisoners to the MoJ in accordance with the PM's orders. MoD HR inspections confirm that detainee population reduction will need to continue in order to reduce remaining overcrowding problems.

### *Military Justice*

MoD-wide implementation of the military penal code in 2009 resulted in a spike in military justice disciplinary cases heading into this quarter. This increase resulted in a case backlog that threatened to overwhelm two of the six regional military courts in particular—Baghdad (Karkh) and Mosul. The MoD General Counsel's office responded with two initiatives. First, the MoD opened the Irbil Military Court in October, relieving the Mosul caseload. In Baghdad, the MoD successfully petitioned the PM to shutter the Joint Military Court due to lack of activity, permitting the use of the facility as a second Baghdad Court at Rusafa. These two systemic initiatives illustrate the MoD General Counsel's ability to effectively and creatively implement solutions to manage the MoD's internal disciplinary system.

### *Operations*

The JHQ is improving operational C2 capabilities. The Iraqi Forces Joint Operations Center (JOC) is increasingly self sufficient in the development of situational awareness and intelligence reporting. The C2 of the ISF is generally exercised through a system of regional commands that function through the linkage of the Office of the Commander in Chief (OCINC) and seven Operations Commands. U.S. forces continue to seek

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opportunities to enhance training and advisory support of Iraqi organic capabilities in the JOC. However, the JOC is increasingly becoming more independent. Staff planning is improved, but underutilized outside of the JHQ. MoD planning is hampered by a lack of delegation through the JHQ chain of command to appropriate directorates, and, when accomplished, it is performed at the most senior level rather than through a staff planning process. The JHQ is becoming more focused on combined operations, and recent plans and operations have included representation by other Iraqi security stakeholders, including the MoI, the Director of Intelligence, the IGFC HQ, and others. There is also an evolving emphasis by the JHQ leadership to focus the armed forces on traditional outward threats with recognition that internal security is not the primary function of the Iraqi Armed Forces. However, logistics, sustainment of ISF personnel, equipment distribution, infrastructure maintenance, and force generation continue to pose obstacles to long-term operational capability.

### *Logistics*

U.S. and Iraqi Joint Forces (IJF) have created a strategic logistics task force to hasten the implementation and integration of a comprehensive strategy. Critical components include strategic logistics plans and doctrine supported by a requirements-based acquisition strategy, capable procurement specialists, and logistics managers. With considerable effort, the IJF is able to sustain itself with food rations for its soldiers and refined petroleum products to fuel its ground combat vehicles, support vehicles, and generators. The MoD does not have an effective mechanism to program sustainment costs for major equipment purchases. These capabilities are critical for successful transition to full self-sufficiency.

The Iraqi Logistics Operations Center (ILOC) continues to mature its capabilities as the nerve center for logistics tracking, coordination, and reporting of logistical operations, material management and sustainment of the ISF. A new ILOC Commander arrived in early July

2009 and has proven to be a driving force for increasing the level of accurate information flowing into the center and being reported to DCoS Logistics. Having substantially improved relations and overall communication with logistic directorates and the IGFC, the ILOC continues to identify supply, ammunition, and transportation shortfalls and provides recommendations for the sustainment of ISF. The ILOC's Iraqi Defense Network (IDN) connectivity with sufficient bandwidth at key logistical nodes continues to be a priority for the maturity of the center's communication architecture; the Director General of Communications (DGoC) is aware of the ILOC's requirements and is focusing on connectivity with the national supply and maintenance depots, locations commands, and sea and aerial ports.

The collaborative effort between U.S. partners and the Iraqi Deputy Chief of Staff (DCoS) for Logistics to re-establish Iraqi logistics doctrine focused on fundamental principles, organization, methods, and procedures continues. Procedures are being validated through training exercises and senior leader engagement; a Combined Sustainment Council has been formed to recommend solutions to current gaps in the Iraqi logistics system. Maintenance operations are improving, as supply channels continue to open and improve efficiencies as evidenced by improved demand satisfaction and turnaround times of repair part requisitions. Advocacy for the use of automation continues, and accountability for parts and operations, continue to improve. Although allegations of corruption continue, accountability afforded by tracking and tracing improves detection capability, and management of metrics provides leadership advance indications of such issues before growing out of control. Fleet rationalization or decreasing the number of total vehicle variants is the first of a series of steps to be taken to optimize repair part requirements in the form of an Authorized Stockage List. The increased use of the Iraqi Army Maintenance Program (IAMP), an automated asset management system, has enabled cross-leveling

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and redistribution of repair parts across 3<sup>rd</sup> Line Maintenance Repair Part Warehouses. Metrics generated through the online systems allows rapid responses and appropriate levels of leadership to become more quickly engaged on resolution of maintenance and resupply issues.

The IA Fuel systems and processes continue to be a challenge. In November, the Transportation and Provisioning Director graduated the first Fuels Quality Assurance Course designed to provide the initial capability to conduct fuel testing and to generate the fuel technical skills required for advanced weapons systems like the M1A1. The fuel training was conducted by IqAF instructors based on a Joint effort with the USAF to develop a program of instruction for ground fuels. In addition, more than \$100,000 in ISFF was invested to support the training and provides for various type of fuel testing equipment required. The initial testing capability is projected to be fielded to the Location Command level during the second quarter of FY 10. As the overall quality assurance program develops, the intent is to expand the capability to the division level and ultimately develop a cadre of fuel experts capable of improving the overall system.

### *Supply and Ordnance*

Although the IA has come a long way in Class II, V, and VII supply accountability, they continue to struggle with issuing real-time orders via electronic means. MoD-issued orders are still hand delivered to the General Depot Command in Taji to issue equipment to Iraqi units for Unit Set Fielding. The fear of corruption at the unit leadership level continues to force stringent original documentation and wet signature requirements, thus further exacerbating the extended timeframe to issue supplies and equipment.

### *Training and Doctrine*

The JHQ implemented a training assessment program and is generating a new Training Assessment Manual that will codify the inspection and assessment procedures. The DCoS-Training is expanding the roles and

responsibilities of the Iraqi Ethics Center and the Iraqi Center for Army Lessons Learned. Under DCoS Training, M7, the doctrine section is tasked with coordinating the development, approval, printing, and distribution of doctrine and technical manuals for the IJF. Once a month, DCoS-Training chairs the Doctrine Review Committee that approves doctrine for CoS signature. The JHQ continues to work on improving these processes, and the advisory team is assisting the JHQ in conducting gap analysis and prioritizing future doctrine development.

### *Surgeon General*

The Directorate of Military Medical Services is led by the Surgeon General of the Iraqi Armed Forces who has the responsibility of providing Health Service Support to approximately 300,000 IA, IqN, and IqAF service members. The most challenging component to further expansion of military medical capabilities and infrastructure remains a shortage of health professionals. MNSTC-I is partnering with MoD to improve medical logistics throughout the Iraqi Armed Forces through continued mentoring and contracts for bio-medical equipment maintenance and medical supply procurement communications and automation.

### *Iraqi Army*

The IA currently has 13 infantry divisions and one partially mechanized division organized under the IGFC. Ground forces include 189 generated and trained IA battalions and 55 combat brigades (51 infantry brigades, 3 mechanized brigades, and 1 tank brigade) with a force generation focus on enabler units to complete the divisional force structure. In addition to the combat brigades, the MoD established two Presidential Protection Brigades, each with three battalions, to protect the President and Prime Minister, and 15 Independent Protection Battalions to provide security for the Council of Representatives and other Iraqi VIPs and visitors. The Baghdad Brigade, officially responsible for IZ security, has been reflagged as the 56<sup>th</sup> Brigade of the 6<sup>th</sup> IA Division for administrative purposes,

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although it continues to serve under the operational control of the PM's OCINC.

GoI budgetary constraints continue to affect the staffing of enabler combat support and combat service support units. The lack of soldiers entering the training base is forcing Iraqi leaders at all levels to staff enabler units from within their organizations by cross leveling from over-strength units, such as the Intelligence, Surveillance, and Reconnaissance (ISR) formations and HQ elements. As the IA and MoD leadership negotiate continued manning and training challenges, the force generation of key enablers that are essential for completing the COIN force could be adversely affected.

U.S. forces continue to partner with the IA leadership and the MoD in supporting the IA M1A1 Program Manager Office, which is developing its ability to conduct life-cycle management, new-equipment training, and follow-on training and maintenance for the 140 M1A1 tanks purchased through FMS.

### *Training*

The depth of the IA capability and capacity to independently execute training was significantly expanded during the past quarter. This progress is evidenced by multiple training initiatives, including expansion of the 81mm Mortar Fielding Program from 12 to 24 platoons per month at five sites; completion of the second all-female Basic Combat Training (BCT) class of 36 students at the Al Muthanna Depot; preparation for an accelerated BCT surge at five sites to field 6,000 additional soldiers; and a Basic Training Cycle underway for 1,500 soldiers at seven Training Centers through December 2009. The successful WTP completed two training cycles for a total of twelve battalions at seven separate Training Centers. The program has now trained 29 battalions from its inception in June 2008 through the end of November 2009. Six more battalions have been nominated to attend the WTP in December 2009.

With improved security in Iraq in 2009, the IA shifted from fielding a COIN force to generating enabler units. This shift has increased the need for individual Military Occupation Specialty Qualification (MOSQ) training and the Tactical Training Directorate has responded accordingly. Nearly 6,400 soldiers have completed MOSQ courses in maintenance, transportation, signal, supply, administration, weapons armorer, military police, basic medic and various other medical fields in 2009.

Combined MOSQ and transportation, maintenance, and logistical courses have trained 53% of the soldiers that units require. Enabler force generation also included IA soldiers completing Counter-Improved Explosive Device (C-IED) Train-the-Trainer Course to provide a Division-level C-IED instruction capability across the force. Concurrently, an initiative to generate the Chemical Defense Company began with MOSQ Training at Taji. Following the completion of Chemical MOSQ training, Chemical Defense units will begin their Unit Set Fielding in the first Quarter of 2010. The Field Artillery School has continued to mature and shifted its location from Besmaya to Abu Ghuraib while continuing to conduct live-fire training at Besmaya. The school has completed training a new cadre of instructors and will soon be home to soldiers prepared to receive instruction on the 120mm mortar system, considered light artillery in the IA. In October 2009, 120mm training throughput was accelerated from two batteries per month to five batteries per month.

The Iraqi Counterinsurgency School (ICS) continues to provide the IA with relevant and responsive training to develop IA leaders to meet the needs of the evolving operational environment. Courses are focused at both the Non-Commissioned Officer (NCO) and Officer levels and provide resident training in COIN, Civil Military Operations (CMO), and Civil Affairs Operations. The ICS completed its third iteration of the Battalion and Brigade Commander Tactical Leader's Course in November 2009. This course provided advanced instruction on both lethal and non-

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lethal threat response instruction and learning application via Battle Staff Planning and Simulation Exercises. A cell comprised of IA NCOs operates the computers and facilitates the event matrix which drives the exercises. Their invaluable contribution to this high visibility school showcases the competency and empowerment of the emerging Iraqi NCO Corps.

### *Materiel*

The IA self-sustainment capability continues to improve through multiple programs and an increasing awareness of the maintenance requirements. The SINCGARS and Harris radio fielding provide the IA with a secure tactical communication and an increased C2 capability. Although combat units were initially the priority for distribution, service and service support units are now receiving these assets. The IA assumed responsibility in April 2009 for continuation of M16 and M4 fielding and weapon training. More than 57,000 of these weapons have been issued through December 2009. Weapons accountability is maintained through frequent inventories and multiple checks of proper identification, including biometric data. Planning continues for a full transition of all maintenance activities to ISF control in 2010.

### *Leadership and Education*

Eleven IA proponent schools in Administrative Affairs, Armor, Bomb Disposal, Chemical, Engineer, Field Artillery, Infantry, Medical, Military Police, Signal and Transportation provide doctrine-based branch specific professional education for both officers and NCOs. These schools provide the foundation for self-sustaining professional competency and a platform to affect institutional change and improvement.

The IA continues to develop a NCO Education System (NCOES) that emphasizes small unit leadership, with 15,738 graduates from NCOES courses to date. The IA approved an NCOES Campaign Plan developed in October 2008 with implementation to begin in January 2010.

The NCOES career progression path culminates at the Sergeant Major level with the Senior NCO course. This course continues to be refined by U.S. forces and IA representatives and conducted its fourth iteration for 52 students in November 2009. The Senior NCO course has graduated a total of 165 NCOs to date.

The basic combat training campaign plan generated a review of all basic combat training modules in order to improve the quality of graduating soldiers. It identified a requirement to develop a Drill Instructor Course, as well as a Basic Combat Instructor. The Basic Combat Instructor Course is designed to reinforce skills required to instruct basic combat trainees using practical exercises

The Iraqi Center for Military Values, Principles, and Leadership Development (CMVPLD) continues to provide the capability to professionalize the IA, offering instruction in five areas, including Professional Military Values, Leadership and the Profession of Arms, Law of Armed Conflict, Human Rights, and the Role of the Military in a Democracy. The center is delivering these blocks of instruction to Division-level leadership and will train to lower tactical units in the near future. During this quarter Mobile Training Teams have conducted Train-the-Trainer classes for 135 officers and NCOs, in addition to training nearly 60 instructors at Regional Training Centers.

### *Personnel*

As of November 30, 2009, the IA was manned at 82% of its officers, 55% of its NCOs, with 85% of total MTOE numbers. The policy-driven leave rate continued to be 25% of assigned personnel. The CoR-approved Military Service and Pension Law, coupled with the development of a formal manpower management strategy, will facilitate appropriate manpower reductions and force shaping aligned with budgetary constraints. Incorporating the Human Resource Information Management System to improve personnel accountability



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and streamline personnel administrative processes is also a critical issue to be addressed. The promotion system continues to move towards a merit-based system. The IA is executing a recruiting drive to fill 6,000 positions and is targeting the northern provinces for recruits who can fill personnel shortages in the Ninewa Province.

### *Facilities*

Currently, nine of ten planned training centers and a combat training center (CTC) are complete with a combined capacity of 14,600 students. Each of these centers includes a range complex, combat assault course, live fire shoot house, and outdoor classrooms. They support both BCT and collective training exercises for the IA. The construction of 11 Location Commands continues. These commands consist of warehousing, third line maintenance, fuel storage, billeting, and life-support facilities. Three Location Commands are targeted for completion by December 31, 2009; however, anticipated construction delays have moved the completion of most into 2010.

### *Iraqi Air Force*

The IqAF is on the path to achieving foundational capability in all mission categories except airspace control (the key to air sovereignty) by the end of 2011. Accessions, airlift, training (flying and technical), air staff effectiveness, ground attack, combat support, and command and control should, with continued support from U.S. advisors and adequate resourcing from the GoI, achieve foundational capability which can demonstrably contribute to internal security while setting the stage for future growth to a full military capacity. In order to achieve this goal, ITAM-AF will remain engaged across Iraq. To maximize the scarce resources of the IqAF, ITAM-AF is advising a Main Operating Base/Forward Operating Base (MOB/FOB) strategy of four MOB's (Tikrit, Taji, New Al Muthanna Air Base - NAMAB, and Ali Air Base) and three FOB's (Qaiyara - Q-West, Al Asad, and Basrah) to the Iraqi Air Staff. This strategy is gaining traction with the IqAF;

however, the final basing plan is not complete. ITAM-AF is also working to take advantage of partnering opportunities between operational U.S. forces and IqAF counterparts to accelerate the capabilities development of the IqAF. On its current trajectory, IqAF progress will allow for the withdrawal of advisory forces prior to the end of the SA, although the IqAF is expected to lack the independent capability for airspace control by December 31, 2011.

### *Training*

The IqAF will not meet its 2009 force strength goal of 5,217 personnel. Due to under-resourcing from the GoI and MoD, the IqAF is undermanned. The capacity of the IqAF schools, including pilot production, is sufficient, but lack of accessions will prevent the IqAF from meeting its goals without external assistance or contractor support. The trend of under-resourcing the IqAF may lead to a gap in desired organic capacity in December 2011.

The IqAF is training personnel in ten functional areas with a total of 97 officer and enlisted specialties. New syllabi are expanding training in operations, maintenance, supply, and infrastructure. Three hundred sixty-one officer trainees graduated from the Iraqi Military Academy at Rustimayah (IMAR) this year. An additional 246 officer cadet graduates (combined between IMAR and the Iraqi Military Academy at Zahko) are scheduled to graduate from English Language Training and the Air Force Officers course in January 2010. These numbers are testament that the IqAF has the potential to grow its own force.

The IqAF currently has 197 pilots (fixed and rotary-wing) with another 139 in the training pipeline. The first Aviation Leadership Program (ALP) graduate is back in Iraq after receiving his wings in the United States in July. Two additional ALP students are in training in the United States; one student's progress is currently on hold awaiting the results of an investigation after an ejection. The first rotary-wing training class graduated on September 27,

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2009, with 11 students. The first rotary-wing instructor pilot course is projected to begin in 2010; three of the four scheduled students are receiving additional English training before the class can begin. The IqAF is on schedule to receive eight T-6 aircraft at Tikrit by January 2010 with pilot and instructor training scheduled to begin in 2010.

### *Materiel*

The IqAF added four aircraft to the fleet for a total of 98 fixed and rotary-wing aircraft. The November 2009 Hellfire launch from an AC-208 gives the IqAF initial precision ground-attack capability with Hellfire missiles (the IqAF possess three AC-208 aircraft and 19 Hellfire missiles). Additional capability with the Directional Attack Guided Rocket (DAGR) on three Mi-17 helicopters is scheduled for summer 2010. The IqAF's inexperience in acquisition and the GoI budget forecast continue to make procurement a challenge, complicated by a requirement by the Defense Minister to make most acquisition decisions. Decision points to procure the necessary equipment to establish airspace control are rapidly approaching. The new timeline resulting from the current Security Agreement required a reassessment of strategy for control of Iraq's skies. Starting in December 2009, and throughout 2010, several key decisions will need to be made cooperatively by the USG and GoI; these decisions will lay the path to air sovereignty for the IqAF. If the need for additional capabilities and equipment is determined, the process must start soon.

### *Doctrine*

The IqAF made significant progress this quarter establishing rules of engagement for air-to-ground ordnance delivery. This is critical to establishing operational capability with Hellfire missiles and DAGR.

### *Personnel*

The lack of accessions in 2009 hindered the ability for the IqAF to establish an enduring air force by December 2011. Indicated intentions of the MoD, earlier this year, to transfer 1,600

personnel from the IA to the IqAF will likely not occur by year's end. The GoI and the MoD must show a genuine commitment to access additional IqAF personnel, or it is unlikely that they will meet critical personnel strength targets in line with their service plan. Of particular interest is the shortage of personnel necessary to provide airspace control; the IqAF currently has only two controllers against a requirement of 48, and the Iraqi Civil Aviation Authority has eight controllers (with 39 recently-hired trainees) to fill a requirement of 160. Also, severe shortage of mid-career officers continues to be of special interest. Over 50% of pilots and 30% of ground officers will reach retirement age before 2020, and those remaining lack flying experience. These numbers point to a pending shortage of senior IqAF leaders in ten years. Only 103 of the 2,400 former Iraqi military members evaluated were returned to active duty. Finally, the IqAF must identify mid-career officers with potential to serve in the highest ranks and guide them through rigorous professional military development.

### *Facilities*

On-going projects at Taji, Tikrit, and New Al-Muthanna Air Base will increase training capacity and adequately support the requisite growth in IqAF personnel through the spring of 2010. Over the next four years, the IqAF plans to expand to four MOBs and three FOBs. The Iraqi Air Staff completed their move from the International Zone to Hawk Base on the Victory Base Complex at the Baghdad International Airport. ISR assets from Basrah will move to Ali Base to establish the first Iraqi presence there in spring of 2010. The IqAF Officers College is scheduled to begin classes at Tikrit in 2010. These two initiatives lay the groundwork for making Tikrit the primary IqAF training base. U.S. turnover of key infrastructure, including aircraft parking ramps, hangars, and dormitories, is critical to growth, but the IqAF has limited capability to conduct infrastructure maintenance. ITAM-AF advisors are helping by creating training programs for engineers. The moves into Ali and Tikrit offer

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significant opportunities for operational partnership with the IqAF. Both bases have large U.S. Air Force and Army presence. ITAM-AF plans to foster the relationship between the IqAF and the U.S. forces to accelerate operational capabilities.

### **Iraqi Navy**

With the acquisition of new vessels, a comprehensive infrastructure build program for the Naval Base and an increase in training capacity brought about by an increase in the number of personnel supporting the training mission, the IqN is on track to achieve its short and medium term transition milestones. On its current trajectory, IqN progress will achieve minimum essential capability and allow for the withdrawal of advisory forces in accordance with the timelines set by the Security Agreement.

### **Organization**

The IqN HQ is co-located in the Baghdad MoD building, from where maritime policy and strategic guidance for the Navy are established. Headed by a two-star (Rear Admiral), the Staff is small and the IqN has traditionally suffered from a lack of priority throughout MoD budgetary allocations. Operationally, the IqN is controlled by a one-star (Commodore) Operational Commander based in the single Naval Base in Umm Qasr. Communication difficulties and logistic issues mean that direction received from Baghdad is often problematic and late. As a result, the Head of the Navy is considering a move of his HQ to Al Zubayr in the south of the country in early 2010. The IqN is now demonstrating the capacity to train its forces and possesses a basic operational capability.

### **Training**

The failure to secure an agreement between the UK and the GoI in a timely manner resulted in the temporary withdrawal of UK Royal Navy training personnel from Umm Qasr and a resulting lapse of training for the IqN. A new agreement between the UK and GoI has since resulted in 80 Royal Navy training personnel returning to Umm Qasr. The Royal Navy is

again leading the Directorate with the support of 26 U.S. Navy personnel who arrived on October 25, 2009. U.S. Navy Central (NAVCENT) and Marine Central (MARCENT) supported training (VBSS, ship marshalling, sector sweep and point defense) continued throughout the period. The arrival of the second Italian built Patrol Ship (NARWAS) in this period has meant a further increase in the level and complexity of training. The next transition milestone of the point defense of the northern-most oil platform, KAAOT, on December 1, 2009, remains on track with dedicated Defender (8mm Fast Assault Boat) and C2 training taking priority. The MARCENT sourced Request for Forces (RFF) for Iraqi Marine (IqM) training arrived October 1, 2009, and significantly improved the development of the 2<sup>nd</sup> IqM Battalion. This will allow the development of a versatile IqM force through early 2010 capable of conducting both land and maritime operations. The 2<sup>nd</sup> IqM Battalion conducted unit set fielding training in Shaiba in November 2009.

### **Materiel**

With the last two of four Italian-built patrol ships due for delivery by early 2010, and FMS contracts signed for the delivery of 15 Patrol Boats and two Offshore Support Vessels for delivery in 2010 and 2011, the IqN is on track for the acquisition of a modern capability. With the fleet of modern Fast Assault Boats Iraq is acquiring, the IqN and IqM will be properly equipped to deliver maritime security by the end of December 31, 2011.

### **Personnel**

Owing to MoD budgetary constraints, IqN accessions have been put on hold and the IqN estimates that it will not be able to access new Sailors until 2010. Achieving the IqN target of 2,900 personnel by the end of 2010 may not be possible. Throughout this period, the IqM has seen its ranks improve significantly. Additional Marine recruits are expected to be transferred from the IA by the end of 2009 to bring the IqM to full strength, and a brigade commander was assigned in September 2009 to

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provide the necessary leadership in establishing a small brigade headquarters at Camp Bucca.

### *Facilities*

Pier and seawall construction difficulties will delay facility completion before early 2010, though contingency planning and aggressive rectification can mitigate impacts. A further \$100 million investment program in infrastructure within the Naval Base (including magazines, barracks, dining facility, warehouse, simulators, repair facilities and an operations head quarters) will equip the Naval Base to take delivery of the new fleet and recruits through 2010. Despite investment by the GoI, there are a number of life support infrastructure projects in the Naval Base that will not be completed owing to contractual difficulties and problems with Iraqi procurement processes.

### **2.4 Iraqi National Counter-Terrorism Force**

Under PM Directive 61, signed in April 2007, the INCTF is independent of both the MoD and MoI. The Counter-Terrorism (CT) Law still awaits CoR approval to establish the Counter-Terrorism Service (CTS) as a separate agency. If approved, the CT Law will formalize a ministerial-level position for the CTS Director and provide appropriations and funding. The proposed CT Law was initially submitted in September 2008. After being returned to the CoM, the bill had its first reading before the CoR in July 2009. Up to three readings may be required before the CT Law is submitted to the entire CoR for a vote. The CoR's delay in addressing the CT Law makes the PM's ability to fund CTS problematic and is hindering maintenance and sustainment programs throughout the organization. INCTF leaders and U.S. advisors continue to emphasize the need for a robust counter-terrorism capacity in Iraq to key Iraqi leaders. The HPAs in Baghdad on August 19 and October 25, 2009 emphasize the critical need for the CoR to pass the CT Law and properly resource Iraq's premier CT capability.

### *Organization*

The INCTF is headed by the CTS and includes the Counter-Terrorism Command (CTC) and

two ISOF brigades. The CTC is the operational HQ for combating terrorism in Iraq. CTC exercises C2 of ISOF units that execute combat operations. On July 1, 2009, the CTS established the 2<sup>nd</sup> ISOF Brigade HQ to improve span of control of ISOF. Both the 1<sup>st</sup> and 2<sup>nd</sup> Brigades conduct tactical operations in conjunction with U.S. advisors. These units are also capable of conducting limited unilateral operations. The 1<sup>st</sup> ISOF Brigade is composed of five battalions: the 1st Battalion (Bn) (Commando); 2nd Bn, which is designated the ICTF (Iraqi Counter-Terrorism Force); 3rd Bn (Support); 4th Bn (RECCE); and 5th Bn, which operates the Iraqi Special Warfare Center and School (ISWCS).

Efforts to link the RCCs' intelligence fusion cells to the CTC, as well as integrate them into MoD and MoI intelligence networks, are well underway. To enhance RCC capability and capacity, construction of a new, centrally located RCC in Baghdad began in November 2009. This new facility will be the focal point for collection, analysis, coordination, and dissemination of counter-terrorism intelligence. It will also serve as the training center for all RCC personnel.

GoI control measures and oversight provide some checks and balances to prevent INCTF from operating without restraint and limits the pursuit of sectarian or political agendas. Although the INCTF targeting process accepts targets from a variety of sources and levels, all targets must have a warrant issued from the Central Criminal Court of Iraq (CCCI) and be vetted in a rigorous process before an individual target or person of interest can be detained. High-Value Target packets are brought before the Ministerial Council for National Security (MCNS) and, depending on time-sensitivity of the target, to the Prime Minister's office. A recent PM policy change mandates that all CT targets must go to the PM and MCNS for approval.



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## *Training*

The Iraqi Special Warfare Center and School (ISWCS) has the capability to conduct three rotational courses to meet force generation requirements. The first is the three-week Assessment and Selection Course; the attrition rate for candidates in this rigorous screening course is greater than 40%. The top graduates are sent to the eight-week Operators Training Course for follow-on assignment to the 2nd Battalion (ICTF), 1<sup>st</sup> ISOF Brigade. The next tier of graduates attends the six-week Commando Course. The remaining graduates are assigned to the Support Battalion and the GSU. In September 2009, 20 soldiers graduated from the Operators Training Course. Thirty-one soldiers, 24 officers and 7 enlisted men completed the Assessment and Selection Course in October 2009 and began the Commando Course in November 2009.

Unfortunately, a GoI hiring freeze affecting all ISF prevents INCTF from adding new ISOF soldiers to fully man the ISOF brigades. Approximately 1,000 graduates of the Assessment and Selection Course are required to fully man each of the two Brigades. Potential ISOF soldiers must be assessed, trained, and equipped before they can be integrated into the force. Given known difficulties in obtaining support from the MoD for ammunition, equipment, and pay for the trainees—as well as the time, money and throughput issues inherent in executing the three core ISWCS courses—growing the force will remain a challenge for the foreseeable future.

The ability of ISOF soldiers to conduct training with the Iraqi Air Force remains very limited. In February 2009, the MoD issued a memorandum to the IqAF commander stating that all training with ISOF must be approved by the Minister of Defense. This requirement greatly limited both the number of requests submitted and the number of requests approved for aviation training. Efforts to renew the 2008 MOA between CTS and the IqAF continue.

INCTF also sends soldiers to other countries to participate in training and educational events. MNSTC-I plans to fund an INCTF initiative to send 20 – 30 soldiers to the King Abdullah Special Operations Training Center (KASOTC) in Amman, Jordan, in the 2<sup>nd</sup> Quarter of FY 2010. A new CTS initiative, termed the CT Academia, will expand ISWCS by incorporating English language training, overseeing International Military Education and Training (IMET) opportunities and monitoring other professional development programs. During this reporting period, four senior members are participating in IMET programs in the United States, Germany (NATO), and Jordan. Out of country educational opportunities include attendance at counter-terrorism seminars and symposia, which afford INCTF leaders a venue to discuss Iraqi counter-terrorism operations with an international audience. One non-commissioned officer from the CTS graduated from the Air Force Senior Non-Commissioned Officers Academy at Maxwell Air Force Base in Alabama. This initiative represents an important first step toward the creation of a professional NCO Corps within INCTF. Future initiatives include ISOF soldiers attending U.S. courses such as Ranger School, Special Forces Qualification Course, the Maneuver Captain's Career Course and NCO development programs.

## *Materiel*

A Memorandum of Agreement (MOA) directing MoD logistical support of CTS remains unsigned. This document addresses MoD support to CTS on matters relating to personnel, logistics, medical issues, aviation support for INCTF, transportation and reconnaissance operations, training, infrastructure, and the payment of base salaries. Despite the failure of INCTF and MoD to reach consensus on the MOA, MoD does provide limited support to CTS.

The CTS continues to make slight improvements in coordination with the MoD, MoI, and INIS on strategic-level planning, targeting, and intelligence fusion. In the summer of 2009,



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U.S. advisors identified an obstacle that impeded information sharing among Iraqi intelligence networks: the GoI was fielding two distinct secure networks. INCTF was fielding the Counter-Terrorism Network (CTNet); other GoI ministries were fielding the Iraqi Intelligence Network (I2N). In July 2009, CTS and INIS successfully connected CTNet and I2N to facilitate information sharing among the intelligence and counter-terrorism communities. Building upon this initial success, the United States provided hardware and installation of I2N at CTS, CTC, and both ISOF Brigades, thereby allowing INCTF access to intelligence and operational information transmitted to and from other Ministries and agencies. In September 2009, CTNet was successfully installed at the Iraqi Operational Coordination Group (IOCG) to promote the sharing of intelligence and ensure all GoI ministries engaged in counter-terrorism operations maintain a common operational picture.

### *Leadership and Education*

Key leaders from the Iraqi Counter Terrorism Service and their American advisors visited Jordan and the United States from September 9-20, 2009. In Jordan, the INCTF leadership met with key leaders from the Jordanian Armed Forces, including their Special Operations Forces. INCTF leaders also explored future training opportunities in Jordan during a visit to the King Abdullah II Special Operations Training Center (KASOTC). The initiative to send 20 – 30 INCTF soldiers to a four-week train-the-trainer course at KASOTC in the 2<sup>nd</sup> Quarter of FY 2010 is a direct result of this key leader engagement. In the United States, the delegation met with key leaders and focused on building and reinforcing relationships for enduring strategic partnerships.

### *Personnel*

INCTF is a non-sectarian force, as reflected in its leadership, its personnel, and the methodologies with which it conducts operations. INCTF personnel generally reflect the Shi'a, Sunni, Kurdish, and other minorities' breakdown in the units' composition. INCTF's non-sectarian

approach is also seen in the internal vetting of personnel in key positions. CTS and CTC are ahead of other ISF organizations with respect to the number of personnel voluntarily screened by U.S. counterintelligence assets. This screening consisted of both interviews and polygraphs to verify background investigation data and is primarily scheduled by the Iraqis with a U.S. liaison officer to act in an advisory role.

INCTF has proven its ability to produce results; however, the fact that it is currently manned at only 59% of its authorized personnel strength of 9,230 prevents the GoI from fully leveraging the outstanding capabilities and great potential of Iraqi SOF. The CTS is currently manned at 51% of its authorized strength of 649; the CTC at 51% of its authorized strength of 1,824. The 1<sup>st</sup> ISOF Brigade has 65% of its authorized strength of 4,328; the 2<sup>nd</sup> ISOF Brigade has 56% of its authorized strength of 2,429. Future growth is unpredictable due to the lack of a budget and the time required conducting specialized training.

### *Facilities*

The INCTF leadership for CTS and CTC is housed in two separate compounds in the IZ. The two ISOF Brigade headquarters are located on a base near Baghdad International Airport. The 2<sup>nd</sup> ISOF Brigade is composed of four Regional Commando Bases located at Al Asad, Basrah, Diyala, and Mosul. Each Regional Commando Base will house a Commando Battalion, a platoon-sized reconnaissance unit, a Regional Counter-Terrorism Center and a company-sized Garrison Support Unit. The Regional Commando Base at Mosul was completed in June 2008 and the base in Al Asad, completed in December 2008, is considered one of the premier facilities of its kind in Iraq. The Regional Commando Base in Diyala is scheduled for completion in the 2<sup>nd</sup> Quarter of FY 2010. Construction at the base in Basrah began in November 2009 and is scheduled for completion in August 2010. Finally, construction of the Regional Counter-Terrorism Center in Baghdad began in November 2009 with a scheduled completion in April 2010.

## Annex A

### List of Acronyms and Abbreviations

AAH	Asa'ib Ahl Haqq
AQI	Al-Qaeda in Iraq
BCT	Basic Combat Training
Bn	Battalion
BOC	Bagdad Operations Center
BPC	Baghdad Police College
BRT	Basic Recruit Training
BSA	Board of Supreme Audit
C2	Command and Control
CBI	Central Bank of Iraq
CCCI	Central Criminal Court of Iraq
CET	Counter Explosive Teams
CLS	Combat Lifesaver
CMVPLD	Center for Military Values, Principles, and Leadership Development
CNPC	China National Petroleum Corporation
COB	Contingency Operating Base
COI	Commission of Integrity
COIN	Counterinsurgency
COL	Contingency Operating Location
CoM	Council of Ministers
CoR	Council of Representatives
COS	Contingency Operating Site
COTS	Commercial Off-The-Shelf
CRC	Constitutional Review Committee
CTC	Counter-Terrorism Command
CTS	Counter-Terrorism Service
DBE	Directorate of Border Enforcement
DCoS	Deputy Chief of Staff
DGIS	Directorate General for Intelligence and Security
DIB	Disputed Internal Boundary
DoD	Department of Defense
DoI	Daughters of Iraq
DoJ	Department of Justice
DPM	Deputy Prime Minister
EFP	Explosively-Formed Penetrator
ELT	English Language Training
EOD	Explosive Ordnance Disposal
ePRT	Embedded Provincial Reconstruction Team
ERU	Emergency Response Unit
FMS	Foreign Military Sales
FOB	Forward Operating Base
FOC	Full Operational Capability
FP	Federal Police (formerly known as the National Police)
FPS	Facilities Protection Service
FSVC	Financial Services Volunteer Corps
FY	Fiscal Year

GDP	Gross Domestic Product
GE	General Electric
GoI	Government of Iraq
GSU	Garrison Support Unit
HJC	Higher Judicial Council
HMMWV	High Mobility Multipurpose Wheeled Vehicle
HPA	High-Profile Attack
HQ	Headquarters
HRIMS	Human Resource Information Management System
IA	Iraqi Army
IAOC	Iraqi Air Operations Center
IASSI	Iraqi Army Support and Service Institute
ICI	International Compact with Iraq
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Person
IED	Improvised Explosive Device
IFCNR	Implementation and Follow-up Committee for National Reconciliation
IFMIS	Iraqi Financial Management Information System
IFP	Iraqi Federal Police
IG	Inspector General
IGFC	Iraqi Ground Forces Command
IHEC	Independent High Electoral Commission
IJF	Iraqi Joint Forces
ILOC	Iraqi Logistics Operation Center
IMAR	Iraqi Military Academy at Rustamiyah
IMAS	International Mine Action Standards
IMET	International Military Education and Training
IMF	International Monetary Fund
IMSS	Intelligence and Military Security School
INCTF	Iraqi National Counter-Terrorism Force
IOM	International Organization for Migration
IP	Iraqi Police
IPA	International Police Advisor
IPS	Iraqi Police Service
IqAF	Iraqi Air Force
IqIC	Iraqi Intelligence Community
IqN	Iraqi Navy
IRFFI	International Reconstruction Fund Facility for Iraq
ISCI	Islamic Supreme Council of Iraq
ISF	Iraqi Security Forces
ISFF	Iraqi Security Forces Funds
ISOF	Iraqi Special Operations Forces
ISR	Intelligence, Surveillance, and Reconnaissance
ITAM	Iraqi Training and Advisory Mission
IZ	International Zone
JAM	Jaysh al-Mahdi
JC	Joint Committee
JCC	Joint Coordination Center
JHQ	Joint Headquarters

JMOCC	Joint Military Operations Coordinating Committee
JOC	Joint Operations Center
JSC	Joint Sub-Committee
JSCAFA	Joint Sub-Committee for Agreed Facilities and Areas
KAAOT	Khawr al Amaya Oil Terminal
KGK	Kurdistan People's Congress (Kongra Gel)
KH	Kata'ib Hizbollah
KRG	Kurdistan Regional Government
LoC	Line of Credit
mbpd	Million Barrels Per Day
MNF-I	Multi-National Force-Iraq
MNSTC-I	Multi-National Security Transition Command-Iraq
MoA	Ministry of Agriculture
MoD	Ministry of Defense
MoE	Ministry of Electricity
MoF	Ministry of Finance
MoH	Ministry of Health
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoLSA	Ministry of Labor and Social Affairs
MoO	Ministry of Oil
MOSQ	Military Occupational Specialty Qualification
MoT	Ministry of Trade
MOU	Memoranda of Understanding
MoWR	Ministry of Water Resources
MTDC	Ministerial Training and Development Center
MTOE	Modified Table of Organization and Equipment
MTR	Motor Transport Regiment
MW	Megawatts
NCC	National Command Center
NCO	Non-Commissioned Officer
NCOES	Non-Commissioned Officer Education System
NIIA	National Information and Investigation Agency
NRC	National Reconciliation Committee
NTC	National Training Center
NTM-I	NATO Training Mission-Iraq
O&M	Operations and Maintenance
OP	Oil Police
OPC	Oil Pipeline Company
PACE	Port Assistance Coordination Element
P&B	Programs and Budget
PBIED	Person Borne Improvised Explosive Device
PDB	Promised Day Brigade
PDS	Public Distribution System
PEL	Provincial Elections Law
PEZ	Pipeline Exclusion Zone
PIC	Provincial Iraqi Control
PJCC	Provincial Joint Coordination Center
PMNOC	Prime Minister's National Operations Center

PoE	Ports of Entry
PoED	PoE Directorate
PPL	Provincial Powers Law
PRT	Provincial Reconstruction Team
PUK	Patriotic Union of Kurdistan
RAC	Rusafa Area Command
RCB	Regional Commando Bases
RCC	Regional Counter-Terrorism Centers
RTC	Regional Training Center
SA	Security Agreement
SDDC	Surface Deployment and Distribution Command
SFA	Strategic Framework Agreement
SINCGARS	Single Channel Ground and Airborne Radio Systems
SoI	Sons of Iraq
SVBIED	Suicide Vehicle-Borne Improvised Explosive Device
TA	Technical Arrangement
TFBSO	Task Force to Improve Business and Stability Operations-Iraq
TOA	Transfer of Authority
TQI	Training Qualification Institute
UN	United Nations
UNAMI	United Nations Assistance Mission Iraq
UNHCR	United Nations High Commissioner for Refugees
UNSCR	UN Security Council Resolution
USAID	U.S. Agency for International Development
USCENTCOM	United States Central Command
VBIED	Vehicle-Borne Improvised Explosive Device
USG	U.S. Government

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<sup>1</sup> This report was previously submitted pursuant to Section 9010 of the Department of Defense Appropriations Act 2007, Public Law 109-289, as amended.

<sup>2</sup> The data cutoff date for this report, unless otherwise stated, is November 30, 2009.

<sup>3</sup> MNF-I was redesignated United States Force-Iraq (USF-I) on January 1, 2010.

<sup>4</sup> The GoI assumed control of the SoI program on October 1, 2008. SoI transitions prior to transfer of the program to GoI control include 8,777 to the ISF and 2,364 to non-security employment. SoI transitions since the GoI assumed control include 4,565 to the ISF and 23,469 to non-security employment.

<sup>5</sup> Core inflation excludes fuel, electricity, transportation, and communications prices.

<sup>6</sup> "Comprehensive Food Security and Vulnerability Analysis in Iraq," United Nations World Food Programme, 2008.

<sup>7</sup> Nationwide Survey, November 2009. For security reasons, to protect the integrity of the data and the anonymity of the individuals involved with the polling data and their association with the U.S. Government, the survey questions and supporting data can be found in the classified annex to this report. This note applies to footnotes 7 through 29.

<sup>8</sup> Nationwide Survey, November 2009.

<sup>9</sup> Nationwide Survey, November 2009.

<sup>10</sup> Nationwide Survey, November 2009.

<sup>11</sup> Nationwide Survey, November 2009.

<sup>12</sup> Nationwide Survey, November 2009.

<sup>13</sup> Nationwide Survey, November 2009.

<sup>14</sup> Nationwide Survey, November 2009.

<sup>15</sup> Nationwide Survey, November 2009.

<sup>16</sup> Nationwide Survey, November 2009.

<sup>17</sup> Nationwide Survey, November 2009.



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<sup>18</sup> Nationwide Survey, November 2009.

<sup>19</sup> Nationwide Survey, November 2009.

<sup>20</sup> Nationwide Survey, November 2009.

<sup>21</sup> Nationwide Survey, November 2009.

<sup>22</sup> Nationwide Survey, November 2009.

<sup>23</sup> Nationwide Survey, November 2009.

<sup>24</sup> Nationwide Survey, November 2009.

<sup>25</sup> Nationwide Survey, November 2009.

<sup>26</sup> Nationwide Survey, November 2009.

<sup>27</sup> Nationwide Survey, November 2009.

<sup>28</sup> Nationwide Survey, November 2009.

<sup>29</sup> Assigned and projected personnel strength numbers may vary based on when the reports are generated due to personnel movements in theater. Detailed monthly assigned and projected numbers can be found in the classified annex to this report.

<sup>30</sup> DoD previously reported on the number of Iraqi Security Forces personnel authorized and assigned by the Ministries of Defense and Interior and trained with the assistance of Coalition forces. With the expiration of the mandate of UNSCR 1790, the data is now included in the classified annex because specific military personnel strength for a sovereign nation is considered sensitive.

<sup>31</sup> This paragraph is pursuant to Section 1508(c) of the Department of Defense Authorization Act for 2009, Public Law 110-417.